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ABSTRACTS

Political Consequences of Military Strategy

expanding and refining the spiral and deterrence models

By CHARLES L. GLASER

Analyses of military strategy often overlook its political consequences—its effect on the adversary's basic goals and understanding of the defender's resolve. As a result, they prescribe the wrong type of military policy and reduce states' security. This article explores how a variety of factors interact to produce political consequences. These factors include the type of adversary (specifically, its motives for expansion); the type of military strategy the defender adopts (offensive or defensive and unilateral or bilateral); the source of the adversary's misperceptions; and the process through which political consequences are generated. The article reformulates Jervis's spiral and deterrence models and argues that they overlook types of adversaries, including most importantly insecure greedy states; that shifts in the adversary's balance of domestic power offer an alternative to individual learning as the basic way in which political consequences are generated; that national-level failures of evaluation provide an alternative source of exaggerated insecurity; and that these differences can require the defender to follow different policies. Final sections explore military options for managing political consequences and implications for U.S. security policy.

Soviet Civil-Military Relations and the August Coup

By JOHN W. R. LEPINGWELL

This paper tests the objective (professionalization) and subjective (party penetration) models of Soviet civil-military relations. The objective model is found to provide the best fit and is used to investigate further the factors leading to military participation in, and withdrawal from, the coup of August 1991. The objective model points to the importance of threats to professional autonomy and national unity, the politicization of the military, and declining regime legitimacy as the primary causal factors in the participation of the military in the coup. It also stresses the importance of military professionalism as a barrier to intervention and as a cause of military paralysis during the coup. Furthermore, the model points to the importance of democratic legitimacy in future civilian control and to the need for increased military professionalism to forestall threats to the post-Soviet regime.

Peace between Participatory Polities

a cross-cultural test of the "democracies rarely fight each other" hypothesis

By CAROL R. EMBER, MELVIN EMBER, and BRUCE RUSSETT

Evidence is accumulating that, in the modern international system, democracies rarely fight each other. But the reasons for the phenomenon are not well understood. This article explores a similar phenomenon in other societies, using cross-cultural ethnographic evidence. It finds that polities organized according to more participatory ("democratic") principles fight each other less often than do polities organized according to hierarchical principles. Stable participatory institutions seem to promote peaceful relations, especially if people perceive that others also have some control over politics.

The Dynamics of the Two-Level Bargaining Game

the 1988 brazilian debt negotiations

By HOWARD P. LEHMAN and JENNIFER L. McCOY

This study examines the case of the Brazilian debt rescheduling agreement of 1988 as a two-level game in which each of the two main negotiators—the Brazilian state and the international bank advisory committee—must satisfy its own constituents while trying to

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negotiate an international agreement. It is argued that the interaction between the domestic and international levels must be understood in order to explain the outcomes of international debt negotiations. This article draws on Robert Putnam's concept of the two-level game in international politics and on a wider literature concerning the influence of domestic political considerations in international negotiations to demonstrate that such an analysis can explain the process and outcome of the 1988 agreement, where a unitary negotiating level fails to predict the final result. The two-level model explains how domestic constraints and opportunities affect international outcomes, and it highlights the importance of the ratification process.

How Should One Study Economic Policy-making?

FOUR CHARACTERS IN SEARCH OF AN OBJECT

By MARK KESSELMAN

By focusing on some major contributions to political economy and economic policy-making within advanced capitalism, among the richest subfields of the discipline, the article seeks to analyze the relation between structural constraints and political choice. With the partial exception of *Politics against Markets*, all the works reviewed here seek to interpret rather than change the world. Attending to the fine grain of historical detail, they insightfully describe important political developments. They provide fine accounts of the interplay of structure and agency in concrete historical settings. By developing impressive theory to illuminate these developments, the works considerably advance our knowledge of the way that political forces affect economic policy outcomes. However, they generally share three important and interrelated shortcomings: they do not adequately conceptualize the structural dynamics of democratic capitalism; they adopt an economistic perspective concerning the organization of interests and social identities; and they confine attention to what is and fail to consider what might be.

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POLITICAL CONSEQUENCES OF MILITARY STRATEGY

Expanding and Refining the Spiral and Deterrence Models

By CHARLES L. GLASER*

THE American cold war debate over U.S. national security policy often turned on divergent beliefs about the consequences of competitive and cooperative military policies. This debate had two components. The first focused on *military capabilities* and implicitly assumed that the basic goals of the Soviet Union were fixed; its central concern was to determine what military capabilities the United States required to deter or defeat the Soviet Union. The second component focused on what I term *political consequences*—the effect of U.S. policy on the basic goals of the Soviet Union and on Soviet views of U.S. resolve. Sharp disagreements about political consequences played an important role in dividing the American cold war debate over military policy. For example, proponents of arms control believed that cooperation would preserve peace by reducing superpower tensions; proponents of an American buildup supported the opposite policies in the belief that only strong, competitive American policies could provide the credibility required to deter implacable Soviet leaders, even if less competitive policies would have provided adequate military capabilities. Although these beliefs were influential, rarely were arguments about political consequences thoroughly developed; instead, analysts tended to use arguments about military requirements to support policies they believed would yield desirable political consequences.

Judgments about the political consequences of military policy will be of continuing, if not even greater, importance in coming decades. With the cold war over, future U.S. and European security will depend more on the long-term evolution of Russia's international goals than on changes in U.S. and Russian military capabilities. U.S. military policy

* I wish to thank George Downs, Matthew Evangelista, Ted Hopf, Chaim Kaufmann, John Mearsheimer, Robert Pape, Stephen Van Evera, and Stephen Walt for their thoughtful comments on earlier drafts of this article. I would also like to acknowledge the Jennings Randolph Program at the United States Institute for Peace for research support.

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should therefore be designed primarily to encourage Russia to adopt benign goals. Similarly, the success of a new security system in Europe will depend on whether it allows the major Western European powers to avoid military policies that could damage their currently good political relations.

This article addresses three questions related to the political consequences of military policy. First, which military policies yield good political results, and which yield bad ones? Second, and closely related, under what conditions do these good or bad results occur? Third, what are a country's military options for balancing political and military requirements?

In answering these questions, it is helpful to describe a country's military options along two dimensions—offense/defense[1] and unilateral/bilateral (with bilateral referring to a reliance on arms control). Military policies that are offensive and unilateral are generally considered more competitive, while those that are defensive and bilateral are considered more cooperative. In the following discussion *defender* refers to the country making choices about its military policy, and *adversary* refers to the country against which the defender is planning to protect itself. Broadly speaking, we want to know when the defender should pursue cooperative policies to achieve good political results and when competitive policies are preferable.

A defender's military policy can generate three types of political consequences, as follows:

1. It can alter the adversary's need to pursue security by changing the threat to the adversary's military capability and/or by changing the adversary's understanding of the defender's goals.[2] Military policies that convince the adversary that the defender is interested in expansion usually generate bad political results by decreasing the adversary's security. The adversary then often adopts dangerous foreign and military policies to restore its security.
2. It can change the adversary's interest in expansion for nonsecurity

[1] This categorization is suggested by offense-defense and security dilemma theories. Key works include John H. Herz, "Idealist Internationalism and the Security Dilemma," *World Politics* 2 (January 1950); Robert Jervis, "Cooperation under the Security Dilemma," *World Politics* 30 (January 1978); Stephen W. Van Evera, "Causes of War" (Ph.D. diss., University of California, Berkeley, 1984); idem, "Offense, Defense, and Strategy: When Is Offense Best?" (Paper delivered at the annual meeting of the APSA, Chicago, September 1987); and George H. Quester, *Offense and Defense in the International System* (New York: John Wiley, 1977). On potential confusion in defining the offense-defense balance, see Jack S. Levy, "The Offensive/Defensive Balance of Military Technology: A Theoretical and Historical Analysis," *International Studies Quarterly* 28 (June 1984).

[2] On the importance of images, see Robert Jervis, *The Logic of Images in International Relations* (Princeton: Princeton University Press, 1970), esp. 5–10.

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reasons, for example, to increase its wealth or spread its political ideology, when this expansion is unnecessary for increasing the states's security. Military policies that increase the benefits the adversary sees in non-security-driven expansion make the adversary harder to deter, a bad political result.

3. It can influence the defender's credibility by changing the adversary's assessment of its determination to protect its interests. Military policies that raise doubts about the defender's determination generate bad political results; those that communicate resolve generate good results.

Summary of the Basic Argument

The general argument made in this article is that analyses that fail to consider political consequences risk prescribing either too much or too little military capability and, often more important, the wrong kind, which can reduce states' security. The basic theoretical underpinnings of this argument derive from Robert Jervis's distinction between the spiral and deterrence models.[3] According to Jervis, these models are distinguished primarily by the intentions of one's adversary: the deterrence model applies when the defender faces an expansionist adversary and prescribes competitive policies; the spiral model applies when the defender faces a status quo power, explains conflict as resulting fundamentally from the combination of international anarchy and the security dilemma, and prescribes cooperative policies. Both models, but especially the spiral model, incorporate the likelihood of misperceptions. The spiral model holds that cognitive biases cause the adversary to exaggerate the defender's hostility, thereby provoking an unduly hostile response to competitive policies. The deterrence model holds that cooperation encourages the adversary to underestimate unjustly the defender's resolve and therefore to dismiss threats made in earnest, which can lead to war.

These models provide a valuable starting point, but they are ultimately inadequate and confusing. I argue that we need to redefine the types of adversaries and expand our description of the ways in which political consequences are generated. My arguments are primarily deductive, and the illustrations draw heavily on U.S.-Soviet interactions during the cold war.

I begin by reformulating the types of adversaries. Jervis categorizes adversaries in terms of their intentions, specifically, their interest in non-security expansion: the deterrence model applies to expansionist states, the spiral model to status quo states. I argue that this approach, by focusing on intentions instead of motivations, overlooks that states can

[3] Jervis, *Perception and Misperception in International Politics* (Princeton: Princeton University Press, 1976), chap. 3. Jervis addresses the impact of both foreign and military policy. The security dilemma and offense-defense literature cited fn. 1 also bears directly on this issue.

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have two basically different motives for expansion—to gain the benefits of nonsecurity expansion and to increase their security. Categorizing states in terms of both types of motivations identifies types of states not captured in the standard dichotomy, including states interested in expansion for both security and nonsecurity reasons, which are best managed with a balance of prescriptions from the spiral and deterrence models. This reformulation also makes clear that the standard models are based in different theories of international relations; that is, the deterrence model rejects basic structural realist assumptions that provide the foundation for the spiral model.

I next explore the interaction of a variety of factors—including the defender's military policy, the severity of the security dilemma, and the intensity of the adversary's misperceptions—in producing political consequences.

Subsequent sections make the case that military policy can generate political consequences in important ways not discussed in the standard formulation. First, whereas Jervis emphasizes psychological sources of exaggerated insecurity in the spiral model, I draw on recent work on national-level sources of misperception to argue that misperceptions are likely to flow from shortcomings in the adversary's overall evaluative capability, that is, from weaknesses in its institutions and political process. This approach suggests that misperceptions are more prevalent than if they were produced only by cognitive biases, provides different criteria for determining the severity of the adversary's misperceptions, and can recommend different policies for dealing with them. Second, the spiral and deterrence models assert that the defender's military policy generates political consequences by changing how individual leaders understand the defender; but they overlook a second, often more important type of interaction—a shift in the balance of domestic power within the adversary's state while its leaders' views are left unchanged. Considering shifts in the domestic power balance, instead of individual learning, identifies different conditions under which competitive policies and cooperative policies will generate desirable political consequences.

The next section explores the types of military policies available to a defender that needs to pursue a cooperative policy and how to choose from among them. The spiral model's most prominent recommendation calls for the defender to initiate concessions to correct the adversary's exaggerated sense of insecurity. In fact, however, the defender may have a variety of additional military options that would be more effective at lessening the adversary's insecurity and that would be less risky for the defender. These include shifting unilaterally to a more defensive doc-

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trine; pursuing arms control agreements that shift the balance of deployed forces toward defense; and deploying reactive offense. Which approach is preferable depends on the motivations of the adversary, the quality of its evaluative capabilities, and the magnitude of the security dilemma. In addition, the defender's choice depends partly on its own domestic political constraints, which could preclude some otherwise desirable options.

The final section briefly considers implications for U.S. military policy in the post–cold war order.

Types of Adversaries and the Defender's Political Objectives

The Adversary's Motives for Expansion

The nature of the adversary, specifically, its motives for expansion, determines the political consequences the defender should pursue. In broad terms, a state's motives for expansion can be categorized as either nonsecurity-driven or security-driven. This categorization diverges from Jervis, who categorizes an adversary according to its *intentions*—its interest in expansion. Because a state can have two fundamentally different *motives* for expansion, however, it is important to focus on motives instead of on intentions.

Nonsecurity expansion arises from the state's desire to increase its wealth, territory, and/or prestige, to spread its ideology, and so forth, when this expansion is unnecessary for increasing the state's security. I use the term *greedy* for a state willing to incur costs or risks for nonsecurity expansion; by contrast, a *not-greedy* state is unwilling to run risks for nonsecurity expansion.[4]

We also need terms for distinguishing states that are inclined to be interested in security-driven expansion from those that are not. In broad terms, we can speak of *potentially insecure* states and *always-secure* states.

[4] I use "not-greedy" to refer to states frequently termed "status quo" and "greedy" to refer to states frequently termed "expansionist" or "aggressor" states. This somewhat awkward terminology is designed to avoid the following shortcomings of the common terminology. First, a status quo state may in fact be unwilling to accept the status quo—it is satisfied with existing international borders and thus uninterested in expansion, *except* if necessary to protect its security in the status quo. Given this definition, status quo powers may be willing to launch wars, and a country facing a status quo state may therefore need to deter it. Furthermore, some analysts argue there are no status quo powers, since all states are willing to pay something to increase their security. This observation, however, overlooks that the standard usage of "status quo" allows for this possibility. On different uses of "status quo," see Arnold Wolfers, *Discord and Collaboration* (Baltimore: Johns Hopkins University Press, 1962), 84–86, 125. Second, states can be interested in expansion for two types of reasons, but "expansionist," as commonly used, blurs this distinction—often but not always referring to what I have termed a "greedy state." On related issues, see Jervis (fn. 3), 48–50.

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The former are inclined to be insecure in the face of military capabilities that they *believe* threaten their ability to defend the status quo. Although I sometimes refer to these states as *insecure* states, such a state could in fact be quite secure if it possessed military capabilities that provided high confidence in its ability to deter and defeat all challengers. By contrast, always-secure states recognize that the defender is interested only in protecting the status quo and would employ its military capabilities only in response to aggression. As a result, unlike a potentially insecure state, an always-secure state is not made insecure by the deployment of capabilities that threaten its ability to protect the status quo. I sometimes refer to always-secure states simply as *secure* states. Although rarely explicit on this point, analysts commonly assume that the adversary is an always-secure state. For example, analyses of military requirements that hold that the adversary's basic goals are fixed make this assumption, since otherwise deploying potentially threatening capabilities would create insecurity that could in turn change the adversary's goals. During the cold war debate the Soviet Union was often characterized as always-secure, that is, never motivated by the need to offset Western military capabilities.[5]

Assuming these motivations (greed and insecurity) arise from different sources[6] and are therefore essentially independent of each other, we can define four basic types of states along these two dimensions:[7] secure greedy, insecure greedy, insecure not-greedy and secure not-greedy.[8] (See Figure 1.)

The standard models, by contrast, cover only two of the basic types of

[5] For an analysis of this debate, see Douglas Seay, "What Are Soviet Objectives in Their Foreign, Military and Arms Control Policy?" in Lynn Eden and Steven E. Miller, eds., *Nuclear Arguments* (Ithaca, N.Y.: Cornell University Press, 1989), esp. 54–55.

[6] They may, however, sometimes share a single source. For example, poor evaluative capabilities might allow a state to justify its greedy actions in terms of insecurity and also to come to believe its justifications; similarly, such a state might exaggerate its insecurity because it fails to recognize that its own greedy policies provoked the alliances that formed to oppose it. On these possibilities, see Jack Snyder, *Myths of Empire: Domestic Politics and International Ambition* (Ithaca, N.Y.: Cornell University Press, 1991); and Robert J. C. Butow, *Tojo and the Coming of the War* (Stanford, Calif.: Stanford University Press, 1969).

[7] This formulation assumes these are dichotomous variables. There is, however, a continuum for each feature, for example, between not-greedy and extremely greedy states. Where the adversary lies along these continua can be important in weighing policy options.

[8] Defining countries' insecurity with a single aggregate measure could be problematic. For example, is a country that sees a minor threat to vital interests more or less insecure than one that sees major threats to secondary interests? Even assuming they were equally insecure, might not the different nature of the insecurity demand quite different responses? To keep things reasonably simple, however, I assume that we can refer to the extent of a country's insecurity without specifying its detailed nature. I am indebted to Chaim Kaufmann for suggesting this refinement.

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	Greedy	Not-Greedy
Always-Secure	Deterrence Model	Ideal State
Potentially Insecure	Doubly Difficult	Spiral Model

FIGURE 1
TYPES OF ADVERSARIES

states. The deterrence model describes certain secure greedy states.[9] The spiral model describes certain not-greedy states motivated by insecurity.[10]

A note on the terminology used here is necessary: *spiral* and *deterrence* refer to Jervis's models. I do not use these labels in my own framework, but instead describe states in terms of their motivations and other variables that influence political consequences. Jervis's models describe only some of the possible states in the relevant categories. Thus, for example, his spiral model describes insecure not-greedy states that suffer from cognitive misperceptions; but there can be other types of insecure not-greedy states, such as those that do not suffer from misperceptions and those that suffer from misperceptions generated by other than cognitive sources.

The following discussion briefly lays out the political consequences the

[9] On the deterrence model's premise that the adversary is secure, see Jervis (fn. 3), 95, 109; and idem, "Rational Deterrence: Theory and Evidence," *World Politics* 41 (January 1989), 190. For a description of a similar set of contrasting beliefs, see Glenn H. Snyder and Paul Diesing, *Conflict among Nations* (Princeton: Princeton University Press, 1977), 298–310.

We should be aware that the label "deterrence model" creates confusion. The deterrence *model* (in *Perception and Misperception*, Jervis actually refers to it as deterrence theory) is often mistakenly taken for deterrence *theory* in general, which it is not. It draws on "second wave" deterrence theory, which developed many of the arguments that are contrasted with the spiral model, and makes a number of restrictive assumptions. In general, deterrence *theory* says little about (1) how expansionist the adversary is; (2) the extent of the countries' common interests; (3) how the adversary views the defender's motivations; (4) how concessions will be interpreted; and (5) the extent to which the defender's credibility is connected across disparate issues. In contrast, the deterrence *model* takes a position on all of these issues: (1) the adversary is highly expansionist (greedy); (2) common interests are small; (3) the adversary understands that the defender is a status quo (not-greedy) power; (4) concessions are interpreted to reflect weakness and thus generate misperceptions of the defender's resolve; and (5) credibility is tightly connected across issues. On the second wave, see Robert Jervis, "Deterrence Theory Revisited," *World Politics* 31 (January 1979).

[10] Although I focus on two features of the adversary, a third feature—the extent to which the defender's credibility is connected across disparate issues—also plays a central role in Jervis's description of these models. Each of the above cases can be further divided along this dimension. In terms of the standard models, the deterrence model holds that credibility is tightly interconnected, thereby providing an additional rationale for competition; the spiral model sees little connection between credibility on disparate issues and, consequently, little collateral risk in cooperation.

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defender should pursue for each type of adversary. When facing an *always-secure greedy* adversary, the defender should pursue two types of political results. (1) It is usually most immediately important that the defender's military policy communicate resolve to protect its interests. Military policies that raise doubts about the defender's resolve could encourage aggression, even if they provide the defender with adequate military capabilities to defeat an invasion and/or inflict overwhelming retaliatory costs. (2) The defender should also pursue policies that might reduce the adversary's greediness, for example, policies that shift the domestic balance in the adversary's country by reducing the influence of groups that favor nonsecurity expansion and bolstering the influence of moderates committed to the status quo.

When facing a *potentially insecure not-greedy* adversary, all else being equal, the defender should choose policies that increase the adversary's security over those that decrease the adversary's security, because the latter tend to increase its incentives for war.[11] International relations theory provides a variety of reasons for the increase in the probability of war as states become more insecure. For example, as the adversary's insecurity increases, expansion becomes more attractive if acquiring additional territory would provide a buffer zone against invasion or additional resources for defense and/or would deny those resources to the defender.[12] Military policies that increase the adversary's insecurity could therefore leave the defender worse off, since the adversary's greater willingness to fight a war could more than offset the increased deterrent value of the defender's enhanced military capability. This tension lies at the heart of the security dilemma.[13]

While attempting to reduce the insecurity of an insecure not-greedy adversary, the defender must also worry about deterring that adversary. Policies pursued to reduce the adversary's insecurity could increase the

[11] This claim is potentially misleading, since it may incorrectly suggest that the defender would never want an offensive doctrine. However, as discussed below, in certain circumstances offense does not increase insecurity. Thus, although the objective of reducing the adversary's insecurity tends to militate against offensive military doctrines, it does not necessarily preclude them. Further, although not addressed in this article, if the defender is interested in compellence (in addition to deterrence), it might want to increase the adversary's insecurity, then promising to reduce its threat to the adversary's security in return for satisfaction of its compellent demands.

[12] Jervis (fn. 1), 168–69; on the cumulativity of resources, see Van Evera (fn. 1, 1984), chap. 5.

[13] Additional reasons for the increase in the probability of war as states become more insecure include the following: (1) insecure states become less willing to compromise in political disputes; (2) they are more inclined to adopt more confrontational tactics in crises; and (3) they have increased incentives for preventive war. See Van Evera (fn. 1, 1984), pt. 1; on preventive war, see Jack S. Levy, "Declining Power and the Preventive Motivation for War," *World Politics* 40 (October 1987).

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probability of war if they weaken the defender's deterrent (its military capability or the adversary's assessment of its resolve) more quickly than they reduce the adversary's insecurity.

When facing an *insecure greedy* adversary, the challenge to the defender is still greater, since the defender's military policy must address both types of danger simultaneously.[14] For this type of state the total benefits of going to war equal the benefits of nonsecurity expansion plus the benefits of increased security. Because an insecure greedy power is interested in nonsecurity expansion, it is harder to deter than an equally insecure state, which increases the defender's military requirements. The acquisition, in turn, of additional military capability by the defender often increases the adversary's insecurity, making it even harder to deter.

Finally, for the sake of completeness, we briefly discuss the *always-secure not-greedy* state, which has no desire to expand and therefore does not threaten the defender's security. The defender is likely to view this type of state as a friend or ally, not an adversary, unless it misperceives the state's motivations. In the case of a friend or ally, the defender's principal objective should be to preserve the good political relations that enable this state to discount the defender's military potential, thereby insuring that the defender's military strategy does not become a source of insecurity and tensions. As long as other (nonmilitary) factors do not strain their relationship, the defender can deploy military capabilities without risk to hedge against current or future uncertainties in the state's intentions, since these capabilities will not decrease the adversary's security and bring the associated dangers. If relations sour for other reasons, however, making the opposing state unwilling to discount the defender's military capability, the defender's military policy will influence the other state's security and in turn the defender's security.

IMPORTANCE OF INSECURE GREEDY STATES

An explicit recognition that the adversary can be simultaneously greedy and insecure restores a necessary balance to the prescriptions offered by the spiral and deterrence models,[15] and more generally to prescriptions based in analysis of the adversary's motivations. Overlooking this possibility can generate flawed policy prescriptions. For example, although

[14] For related discussion, see George W. Downs, "Arms Races and War," in Philip Tetlock et al., eds., *Behavior, Society, and Nuclear War*, vol. 2 (New York: Oxford University Press, 1992).

[15] Although conceptually distinct, the argument that the adversary can be simultaneously greedy and insecure can lead to the same policies as the argument that the defender's policy should be designed to account for uncertainty about whether the spiral or deterrence model applies; Jervis (fn. 3) suggests the latter (p. 111).

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the deterrence model prescribes only competitive policies when confronting an expansionist (greedy) adversary, a mix of competitive and cooperative policies is appropriate if the greedy state is also insecure. Likewise, the spiral model prescribes cooperative policies when facing an insecure adversary, but, again, a mix of cooperative and competitive policies is appropriate if the adversary is also greedy.

Beyond its value for prescription, a model of insecure greedy states provides important insights into historical cases. World War I is offered as the classic case of spiral model phenomena leading to war. The alignment of France, Russia, and Britain was primarily an effort to protect the status quo, but it contributed to German insecurity by generating fears of encirclement, which increased German incentives for war.[16] Some critics of this formulation who hold to the deterrence model argue that Germany was motivated by greed, while others argue that British cooperation encouraged the Germans to pursue risky policies in 1914.[17] Framing this as a choice between policies designed to deal with insecure states and those designed to deal with greedy states may miss the key point, however: Germany may be more accurately described as an insecure greedy state that could not be adequately dealt with by either purely cooperative or purely competitive policies.[18]

Misunderstood Theoretical Foundations

Disagreements about the adversary's motivations often reflect more basic disagreements about international relations theory. Models that describe potentially insecure states are entirely consistent with the basic claims of structural theories of international relations, whereas models that describe always-secure states reject these claims. Structural theories hold that states are inclined to be insecure because the international system is anarchic. Since other states may harbor malign objectives, it is imprudent to overlook the threat inherent in opposing military capabilities.[19] Insecurity develops when states face a security dilemma—a situation in

[16] Ibid., 92–94.

[17] On the role of British cooperation, see Sean M. Lynn-Jones, "Detente and Deterrence: Anglo-German Relations, 1911–1914," *International Security* 11 (Fall 1986).

We should note that arguments that the Germans were interested in expansion and intentionally provoked World War I are not inconsistent with the central claims of the spiral model. These arguments suggest that the war was not primarily inadvertent, but discrediting the spiral model requires going a step further—showing that German interest in war was not driven by insecurity.

[18] This does not mean that there were necessarily policies adequate to prevent war. On this point, see Stephen Van Evera, "Why Cooperation Failed in 1914," in Kenneth A. Oye, ed., *Cooperation under Anarchy* (Princeton: Princeton University Press, 1986), 116–17.

[19] On structural theories, see Kenneth N. Waltz, *Theory of International Politics* (Reading, Mass.: Addison-Wesley, 1979).

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which the military forces required by a state to protect itself threaten the forces other states need to protect themselves; in that situation states seeking security cannot avoid threatening each other's military capabilities. In sharp contrast, models of always-secure states posit an adversary that is confident that the defender will not start a war but instead would only employ its military forces after the adversary starts a war. Consequently, the defender's forces do not create insecurity, even when they threaten the adversary's ability to defend itself. In effect, models of always-secure states argue that the defender never faces a security dilemma.

Since structural theories explain states' interest in expansion as motivated primarily by insecurity,[20] models of greedy states must turn to other theories to explain their motivations. Such theories focus on the characteristics of individual states and/or their leaders.[21] During the cold war, for example, some American hard-liners understood the Soviet Union to be a secure highly expansionist (greedy) state that was motivated by the specific characteristics of its communist system and Marxist-Leninist ideology.[22]

This description of the theoretical foundations of states' motivations for expansion highlights two common misconceptions about Jervis's spiral and deterrence models. The first is that structural realists, working from structural balance-of-power theories, are proponents of the deterrence model and its competitive policies. As we have just seen, however, models of secure greedy states are inconsistent with these structural theories and hold instead that the adversary can ignore the pressures flowing from international anarchy. The second common misconception is that the spiral model is fundamentally a model of misperceptions and thus not a structural realist model. However, insecurity, which lies at the core of the spiral model, is predicted by structural theories that do not rely on the possibility of misperceptions. The basic dangers described by the spiral model cannot be eliminated by eliminating misperceptions. Jervis's

[20] Confusion on this point is common, however, with analysts arguing that structural theories predict that states will try to maximize their power, not their security, which could lead to expansionist behavior by secure states. Some realists have made this argument, but Waltz does not. See Kenneth N. Waltz, "Reflections on *Theory of International Relations*: A Response to My Critics," in Robert O. Keohane, ed., *Neorealism and Its Critics* (New York: Columbia University Press, 1986), 334; and Barry R. Posen, *The Sources of Military Doctrine* (Ithaca, N.Y.: Cornell University Press, 1984), 68–69.

[21] Thus, the deterrence model rejects third image explanations and is built on first and/or second image theories. On these categories of explanations, see Kenneth N. Waltz, *Man, the State and War* (New York: Columbia University Press, 1959).

[22] See, e.g., *NSC* 68, reprinted in Thomas H. Etzold and John Lewis Gaddis, eds., *Containment: Documents on American Policy and Strategy, 1945–1950* (New York: Columbia University Press, 1978), 385–442.

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spiral model should therefore be understood as having much of its foundation in structural theories.[23] Of course, insecurity could also have other sources. Jervis's description of the spiral model identifies various cognitive biases that could fuel exaggerated insecurity; as discussed below, similar misperceptions could be produced by flawed national-level evaluative capabilities.

Factors Determining Political Consequences of Military Policy

Type of Military Policy

This section explores the type of military policy the defender should pursue to generate desirable political consequences. It assumes the adversary can be viewed as a unitary actor and that its leaders are clear-sighted. Following sections consider the implications of misperceptions and of divergent views within the adversary's ruling elite.

It is useful to divide the defender's military options along two dimensions: an offense/defense dimension and a unilateral/bilateral dimension.[24] The adversary may infer the defender's motivations partly from the type of military missions—offensive or defensive—it plans to perform. Similarly, the adversary's assessments of the defender's motives and resolve can be influenced by whether the defender acquires its military capabilities unilaterally or partly through arms control agreements. Military policies that are offensive and unilateral are generally considered more competitive, whereas those that are defensive and rely on arms control are usually viewed as more cooperative.[25]

Whether the defender should choose a cooperative or a competitive policy is constrained by the severity of the security dilemma. The severity of the security dilemma decreases as offense and defense become easier to distinguish, since the defender becomes better able to pursue defensive policies that do not look like offensive ones. The security dilemma also decreases as the effectiveness of offense declines relative to defense. When the offense-defense balance favors offense, the defender may be unable to afford defensive capabilities; an offensive strategy, however, threatens the adversary's capability to protect itself and therefore risks

[23] Although Jervis's chapter emphasizes misperceptions, it is clear on this point. See Jervis (fn. 3), 62–67.

[24] I use "bilateral" to refer to policies in which the defender uses arms control to achieve the objectives of its military policy. Bilateral policies do not include alliances made by the defender to balance against the adversary; such alliances would be part of a unilateral policy.

[25] These terms can be a source of confusion, however. As we will see below, a purely defensive strategy that is effected unilaterally will have most of the key features of a cooperative policy.

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decreasing the adversary's security.[26] This section sets aside the constraints imposed by the security dilemma and focuses instead on determining when cooperative policies are desirable and when competitive ones are preferable. A following section focuses on how the constraints imposed by the security dilemma should influence the defender's policy.

When facing a clear-sighted secure greedy adversary, the defender's concern for its credibility would not in general favor competitive policies over cooperative ones. In examining the defender's military policy for indications of resolve, the adversary will focus on the adequacy of the defender's military capabilities. If the defender's capabilities are inadequate, it risks communicating that it is unwilling to invest the resources necessary to protect its interests and therefore that it may be unwilling to fight to protect those interests. Military policies that appear inadequate for deterrence/defense are thus doubly dangerous—leaving the defender vulnerable to attack and raising doubts about the defender's resolve. By contrast, adequate military capabilities avoid jeopardizing the defender's credibility, even if acquired through cooperative methods. When a defensive strategy satisfies the defender's military requirements, it also protects its credibility. Similarly, engaging in arms control negotiations would not undermine assessments of the defender's resolve, as long as any agreement at least preserved the defender's ability to protect itself.

In contrast, when facing a clear-sighted potentially insecure not-greedy adversary, the defender should pursue defensive policies. Arms control is useful when it increases the prospects for shifting to more defensive policies, but it has no special political advantages over unilateral methods. The defender should avoid offensive policies, because they can increase the adversary's insecurity in two mutually reinforcing ways: first, by threatening military capabilities that the adversary believes are necessary for deterrence and/or defense; and second, by suggesting that the defender harbors malign objectives.

Whether the defender's offense has this second effect—communicating malign objectives—depends on how it compares with the offense reasonably required by the security dilemma. If the defender deploys only those offensive capabilities required to defend the status quo, the adversary should recognize that the defender's forces say little about its interest in nonsecurity expansion. *Necessary offense* could reflect benign defensive objectives as well as malign greedy objectives.

By contrast, *optional offense*, that is, offense that goes beyond these reasonable military requirements, is far more likely to communicate ma-

[26] On these points, see Jervis (fn. 1), 187–214.

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lign intent by suggesting that the defender desires unnecessary military advantages.[27] This is a logical conclusion even when the offense is ineffective, that is, when it does not reduce the adversary's ability to perform necessary military missions. Thus, although a mild or nonexistent security dilemma (especially the advantage of defense over offense) can essentially eliminate the military dangers of offensive forces, it is less effective in preventing dangerous political consequences. During the 1970s, for example, some prominent analysts argued that the Soviet nuclear buildup, especially its enhancement of offensive counterforce weapons, reflected malign intentions, since the Soviets were pursuing military capabilities that would have been necessary only if they were planning to challenge Western interests. The threat to U.S. deterrent capabilities was small, however, even though the Nitze scenario and window-of-vulnerability arguments claimed otherwise.[28] Nevertheless, the buildup supported the conclusion that the Soviets had malign intentions.[29]

Thus, to avoid communicating malign intentions when facing a clear-sighted potentially insecure not-greedy power, the defender should forgo optional offense. In addition, even though necessary offense will not mislead the adversary into adopting a more malign image of the defender, the defender should opt for a defensive military strategy simply to reduce the threat to the adversary's military capabilities and, thereby, to its security. Further, because the line between necessary and optional offensive is often unclear, the defender should emphasize defensive capabilities in order to avoid ambiguities that could provide its adversary with grounds for inferring malign objectives.

There is a partial exception to these arguments against offense. If the defender can deploy offense in ways that are clearly a response to the adversary's own offensive deployments, the adversary should not infer that the defender has malign objectives. Such a policy of reactive offense should communicate that the defender is not seeking military advantages

[27] However, even optional offense might not lead the adversary to impute malign intentions to the defender, since there are other possible explanations for it, including defensive motivations, for example, deploying offense as an arms control bargaining chip. Optional offense could also be the product of the defender's domestic politics. Since this analysis requires going beyond basic assessments of necessary capabilities, however, even an adversary with highly effective evaluative capabilities is more likely to impute malign objectives to optional offense than to necessary offense.

[28] For the basic strategic critique, see Robert Jervis, "Why Nuclear Superiority Doesn't Matter," *Political Science Quarterly* 94 (Winter 1979–80); on the dangers, see Paul Nitze, "Deterring Our Deterrent," *Foreign Policy* 25 (Winter 1976–77). Reviewing this debate is Charles L. Glaser, "Why Do Strategists Disagree about the Requirements of Strategic Nuclear Deterrence?" in Eden and Miller (fn. 5).

[29] This example is more complicated than my discussion here suggests, since U.S. views on Soviet counterforce were divided. I return to this example with an alternative interpretation based on domestic political dynamics and biased national evaluative capabilities.

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and is interested only in maintaining its security.[30] Nevertheless, because it threatens the adversary's deterrent forces, even an effective policy of reactive offense will generate some insecurity.

Finally, when facing a clear-sighted insecure greedy state, the defender should choose defensive policies. This follows from the need to satisfy the requirements for clear-sighted insecure states and for clear-sighted greedy states simultaneously: potentially insecure states are usually best managed with defensive strategies, while greedy states are managed as well by defensive strategies as they are by offensive ones.

Misperceptions

Implications of misperceptions

The political consequences of the defender's military policy are likely to be quite different from those discussed above if the adversary fails to evaluate the defender's military policy effectively. The adversary's misperceptions can intensify undesirable political consequences[31] and narrow, or even eliminate, the defender's options for avoiding them.

In contrast to a clear-sighted adversary, a myopic secure greedy adversary can require the defender to pursue a more competitive policy. For example, an adversary expecting to find weak resolve is more likely to infer incorrectly that the defender's unilateral restraint or willingness to make concessions in arms control negotiations indicates reluctance to devote necessary resources to its defense and therefore a lack of determination to protect its interests.[32] Similarly, an adversary bent on nonsecurity expansion and therefore driven to believe incorrectly that "the necessary is possible" is more likely to conclude that the defender's military preparations are inadequate, reflecting a lack of resolve as well as capability, even when they are in fact adequate.[33] To counter these misperceptions, the defender should overinvest in military capabilities, deploying forces beyond those reasonably required by strictly military assessments. Diverting scarce resources from alternative uses might help demonstrate the defender's determination to protect its interests. In ad-

[30] On related points, see Van Evera (fn. 1, 1987), 12–13.

[31] The discussion in the text focuses on misperceptions that increase the difficulties facing the defender, but not all misperceptions lead to worse outcomes. For example, a potentially insecure adversary that incorrectly views the defender's offense as defense will be less insecure than if it were clear-sighted. On related points, see Arthur A. Stein, "When Misperception Matters," *World Politics* 34 (July 1982).

[32] On the role of expectations, see Jervis (fn. 3), 143–201; and Deborah Welch Larson, *The Origins of Containment: A Psychological Explanation* (Princeton: Princeton University Press, 1985).

[33] On this type of misperception, see Jack Snyder, *Ideology of the Offensive* (Ithaca, N.Y.: Cornell University Press, 1984), 24–26, 211–14.

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dition, the defender should favor unilateral policies—that is, avoid arms control—since the adversary is inclined to misinterpret concessions.

Although overinvesting in military capabilities and avoiding arms control does not generally favor offensive strategies over defensive ones—since the effectiveness of alternative strategies depends on the offense-defense balance—it would often support an offensive strategy. For example, when defense has the advantage, an effective offensive doctrine is harder to achieve and requires larger investments; and adding offensive options to defensive capabilities provides diversified military capabilities that would be necessary only if the defender were determined to insure against even unlikely scenarios. Thus, pursuing offensive capabilities might help the defender communicate its resolve and thereby overcome the adversary's misperceptions.[34] Moreover, the political purposes of an offensive strategy (unlike the military purposes) might be achieved even when the defender has little prospect of acquiring an effective offensive capability, since even failed efforts to acquire offensive capabilities could communicate resolve.

Misperceptions can be just as troublesome when the defender faces a myopic insecure not-greedy adversary, but this case tends to favor cooperative policies while making competitive policies riskier. Drawing on a variety of psychological explanations, spiral theorists argue that decision makers tend to overlook the existence of a security dilemma.[35] As I discuss below, poor national-level evaluative capabilities can generate similar results. Whatever the source of the misperception, the result is that the adversary is likely to infer that threats to its capabilities reflect the defender's malign intentions rather than the defender's lack of acceptable, less threatening options. Thus, with this myopic adversary (unlike the case of a clear-sighted adversary) even necessary offense is likely to

[34] These broad political purposes of offensive policies complement more common arguments based on military requirements, which hold that the defender requires offensive capabilities to deter a highly expansionist adversary. For example, proponents argued that the United States required nuclear superiority to make its threats sufficiently credible to deter Soviet attacks on U.S. allies. See Colin S. Gray, "Nuclear Strategy: A Case for a Theory of Victory," *International Security* 4 (Summer 1979); for disagreements, see Robert Jervis, *The Illogic of American Nuclear Strategy* (Ithaca, N.Y.: Cornell University Press, 1984); and Charles L. Glaser, *Analyzing Strategic Nuclear Policy* (Princeton: Princeton University Press, 1990), chap. 5, which addresses the negative political consequences of superiority. Similarly, proponents of an offensive conventional strategy claimed that the ability to defeat a Soviet conventional invasion was insufficient to deter it. See Samuel P. Huntington, "Conventional Deterrence and Conventional Retaliation in Europe," *International Security* 8 (Winter 1983–84), 36–40. On the range of possible military requirements for offense, see Van Evera (fn. 1, 1987). On the political and military benefits of counteroffensive capabilities, see Barry R. Posen, "Crisis Stability and Conventional Arms Control," *Daedalus* 120 (Winter 1991).

[35] Jervis (fn. 3), 67–76, 349–53; and Larson (fn. 32), 37–42.

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communicate malign intentions and therefore reinforce the insecurity generated by the defender's offense.

The defender's hostility is likely to be exaggerated further if the adversary underestimates the threat it poses to the defender: the adversary might mistakenly believe that the defender recognizes that it wants only to protect the status quo and, therefore, that its capabilities do not reduce the defender's security, even though they threaten the defender's military capability;[36] or the adversary's poor evaluation of its own military policy could lead it to believe that it does not threaten the defender's capabilities. If, for whatever the reason, the adversary underestimates the defender's security requirements, it will exaggerate the defender's hostility.

When facing an insecure not-greedy adversary, these misperceptions of the defender's objectives increase the importance of pursuing defensive (that is, less threatening) policies. They may also create additional reasons for arms control, beyond facilitating a shift toward defensive force postures. The defender might use arms control to reduce misperceptions by providing a forum for directly communicating beliefs about military doctrine and force requirements, the threatening nature of the adversary's forces, and its own willingness to make compromises and exercise restraint. These misperceptions, however, would make reactive offense more likely to fail, since the adversary will overlook the reactive nature of the defender's policy.

A myopic insecure not-greedy state may be harder to manage than this description suggests, however, if it becomes convinced that expansion is necessary to increase its security. Such a state might then be inclined to suffer the misperceptions that accompany greed, including underestimating the defender's resolve and capability. Moreover, even defensive policies may appear threatening, since they block expansion that the adversary believes is necessary to increase its security. This type of insecure not-greedy state resembles the myopic insecure greedy state.

The defender confronts an especially difficult problem in the myopic insecure greedy state. It might at first appear impossible to meet the prescriptions for dealing with myopic greedy states and myopic insecure states simultaneously, since in broad terms a myopic greedy adversary calls for competitive policies whereas a myopic insecure adversary requires cooperative approaches. In certain cases, however, this apparent incompatibility might be overcome by a highly effective unilateral defensive strategy. Much like overinvesting in offense, overinvesting in de-

[36] Jervis (fn. 3), 354–55.

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	Clear-Sighted	Myopic
Always-Secure Greedy	No general preference for cooperation over competition	Overinvest in military capabilities — often favors offense
Potentially Insecure Not-Greedy	Prefer defense — "necessary offense" reduces security but does not communicate malign intent — "optional offense" communicates malign intent — reactive offense is a partial exception Arms control useful primarily for shifting to defense	Strongly prefer defense — even "necessary offense" communicates malign intent — reactive offense unlikely to succeed Arms control may be useful for reducing misperceptions
Potentially Insecure Greedy	Prefer defense; it lies in the intersection of policies for secure greedy and insecure not-greedy states	Overinvest in defense Engage in arms control only with great caution

FIGURE 2
BASIC POLICIES FOR MANAGING DIFFERENT TYPES OF ADVERSARIES

fense should help the defender communicate its resolve, while at the same time avoiding threats to the adversary's military capabilities that would increase its insecurity. This approach is feasible only if the defender can deploy effective defensive forces and only if the adversary is able to distinguish defensive policies from offensive ones. In general, how to strike a balance between cooperative and competitive policies depends on the severity of the security dilemma and on the adversary's interest in security versus nonsecurity expansion. (Figure 2 summarizes the arguments of the preceding sections, on the type of military policy the defender should pursue to achieve desirable polital consequences.) A final section of this article explores in more detail the defender's options for balancing these demands.

SOURCES OF MISPERCEPTION: NATIONAL-LEVEL VERSUS INDIVIDUAL COGNITIVE FAILURES

Broadly speaking there are two sources of misperception: individual psychological biases and failures of overall national evaluative capabilities.[37]

[37] The international relations literature has focused on psychological limitations: see Jervis

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Jervis's description of the spiral model focuses on psychological sources. National-level failures of evaluation provide an alternative, more political explanation for misperceptions. It is important to differentiate between different sources of misperception, because they can call for different policies on the part of the defender.

Included in a country's national-level evaluative capability are organizations dedicated to analyzing military and foreign policy—analytic units within the government, think tanks, and universities. Of course, the overall quality of a country's evaluation depends on the quality of the analysis produced by these organizations, but it also depends on the quality of debate both within the government and in the public arena. If certain organizations are able to gain undue influence because of their power, prestige, bargaining skill, and/or public relations skill, the country's evaluation of opposing states will tend to be biased.

One should expect states to be much better than individuals at evaluating the motives of potential adversaries. For one thing, they have tremendous resources, which allows for a division of labor and the training of specialists. Therefore, for example, although the judgment of individual decision makers may be impaired by a propensity to make statistical errors, the state should be able to overcome this shortcoming by training and employing teams of analysts who possess statistical skills. Similarly, while cognitive limitations may mislead individual leaders into assuming that the adversary appreciates their benign intentions, the state can task area specialists with examining this question. Although committing these resources does not guarantee a perfect analysis, it should greatly reduce the problems introduced by the cognitive limitations of individuals. The state's resources should be especially valuable for peacetime evaluation and planning, since there is then time to take full advantage of its analytic resources. National misperceptions, therefore, seem more likely to reflect the failure of national-level evaluative capabilities than individual cognitive limitations.

Recent studies of national misperceptions have employed theories of organizational behavior and domestic political dynamics to explain why states often exaggerate an adversary's hostility and overlook the threat-

(fn. 3); Richard Ned Lebow, *Between Peace and War: The Nature of International Crises* (Baltimore: Johns Hopkins University Press, 1981); Robert Jervis, Richard Ned Lebow, and Janice Gross Stein, eds., *Psychology and Deterrence* (Baltimore: Johns Hopkins University Press, 1985); Larson (fn. 32); and John D. Steinbruner, *The Cybernetic Theory of Decision* (Princeton: Princeton University Press, 1974). On the difficulty of determining whether decision makers suffered from misperceptions, see Robert Jervis, "War and Misperception," *Journal of Interdisciplinary History* 18 (Spring 1988). Chaim Kaufmann explains how to identify nonrational misperceptions. See Kaufmann, "Deterrence and Rationality in International Crises" (Ph.D. diss., Columbia University, 1990), chap. 3.

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ening nature of their own policies.[38] Militaries are inclined (1) to exaggerate the offensive potential of opposing forces,[39] which creates an "evaluative security dilemma" that fuels insecurity,[40] and (2) to impute malign intentions to the opponent, even when the purpose of the defender's forces is ambiguous.[41] Interest groups that would benefit from large investments in military capabilities and/or expansion are often in control of their state's policy; they then advance self-serving strategic arguments that exaggerate the state's insecurity and the benefits of expansion.[42] Acting like large organizations, states are inclined to create myths about the unthreatening nature of their own behavior,[43] which makes adversaries appear more dangerous yet.

Misperceptions that arose from flawed evaluative capabilities have been studied extensively for the period leading up to the First World War. Germany's exaggeration of the offensive capabilities of France and especially of Russia fueled its fear of encirclement and bred insecurity, which led to calls for expansion. The German military's belief in the advantages of offense reflected its organizational interests and defined Germany's understanding of its threat environment, in part because Germany lacked civilian institutions that could provide alternative analyses. Germany further exaggerated the hostility of its neighbors by failing to recognize that its own aggressive foreign policy and naval buildup had provoked opposing military buildups and alliances. Myths about the superior and peaceful nature of the German state supported this shortsightedness.[44]

[38] Van Evera (fn. 1, 1984), pt. 2, emphasizes organizational interests; Jack Snyder (fn. 6) emphasizes domestic political dynamics. Earlier work on organizations and bureaucracies focused on explaining foreign policy not national misperceptions. A good summary of the biases produced by bureaucratic politics is Alexander L. George, *Presidential Decisionmaking in Foreign Policy* (Boulder, Colo.: Westview Press, 1980), 109–14. Graham T. Allison identifies factors that influence bureaucratic bargaining; see Allison, *Essence of Decision* (Boston: Little, Brown, 1971), esp. 168–69.

[39] On these conditions, see Van Evera (fn. 1, 1984), 272–73.

[40] This is a specific type of what Snyder has termed a "perceptual security dilemma," in Jack L. Snyder, "Perceptions of the Security Dilemma in 1914," in Jervis, Lebow, and Stein (fn. 37).

[41] Snyder (fn. 33), 28; Van Evera (fn. 1, 1984), 254–73.

[42] Snyder (fn. 6).

[43] Van Evera (fn. 1, 1984), chap. 8; idem, "Why States Believe Foolish Ideas: Non-Self-Evaluation by Government and Society" (Paper presented at the annual meeting of the APSA, Washington, D.C., 1988).

[44] On these points, see Van Evera, "The Cult of the Offensive and the Origins of the First World War," *International Security* 9 (Summer 1984), esp. 66–70; idem (fn. 18), 93–95; Snyder, "Civil-Military Relations and the Cult of the Offensive, 1914 and 1984," *International Security* 9 (Summer 1984), esp. 115–29; idem (fn. 33); Holger H. Herwig, "Imperial Germany," in Ernest R. May, ed., *Knowing One's Enemies* (Princeton: Princeton University Press, 1986). On the faulty analysis that underpinned Tirpitz's arguments for the naval buildup, see Paul Kennedy, "Strategic Aspects of the Anglo-German Naval Race," in Kennedy, *Strat-*

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Although less severe, organizational interests and weak and/or biased evaluation also played a role in aggravating tensions between the United States and Soviet Union during the cold war. Both countries downplayed how threatening their own forces might appear and/or exaggerated the threat posed by the other's forces. When the United States led in the development of MIRV capabilities and ICBMs, key players in the Nixon administration argued that MIRVing would not appear threatening to the Soviet Union, since the United States had shown restraint in enhancing its first strike capability; at the same time, however, they voiced concern about Soviet testing of multiple warhead missiles because the Soviets would eventually be able to improve their accuracy.[45] Although this double standard might reflect cognitive biases rather than poor evaluation, a national-level debate that required a more evenhanded analysis would have discredited this type of argument.

By confusing offense with defense, the Soviets for their part underestimated how threatening they might appear. The prevailing Soviet view into the mid-1960s was that ballistic missile defenses (BMD) were essentially defensive—enhancing deterrence and not increasing crisis instability. At the same time American analysts, working with arguments that correctly saw areawide BMD supporting an offensive strategy, worried that Soviet BMD would threaten essential U.S. nuclear capabilities.[46] The Reagan administration made a similar error. By suggesting that Soviet efforts to increase the survivability of their forces (defensive) had implications similar to improvements in the Soviet ability to destroy American missile silos (offensive),[47] it blurred the distinction between

egy and Diplomacy, 1870–1945 (Aylesbury, England: Fontana, 1984). Arguing that the extent of poor evaluation is exaggerated, others hold that Germany had strong strategic rationales for its policies. See Scott D. Sagan, "1914 Revisited: Allies, Offense, and Instability," *International Security* 11 (Fall 1986).

[45] See, e.g., Deputy Secretary of Defense Packard in *Arms Control Implications of Current Defense Budget*, Hearings before the Subcommittee on Arms Control, International Law and Organization, Committee on Foreign Relations, United States Senate, 92d Cong., 1st sess., July 13, 1971, pp. 171–77; and Dr. John Foster, *Diplomatic and Strategic Impact of Multiple Warhead Missiles*, Hearings before the Subcommittee on National Security Policy and Scientific Developments, Committee on Foreign Affairs, House of Representatives, 91st Cong., 1st sess., July 1969, pp. 244–45, 258–63. Raymond L. Garthoff, *Detente and Confrontation* (Washington, D.C.: Brookings Institution, 1985), 135, reports that, to support their case, proponents of MIRV also exaggerated Soviet progress in developing MIRV capabilities. In fact, the Soviets did see U.S. MIRVs posing an increased threat; see fn. 80 below.

[46] On Soviet views, see Bruce Parrott, *The Soviet Union and Ballistic Missile Defense* (Boulder, Colo.: Westview Press, 1987), 24–25; and Raymond L. Garthoff, "BMD and East-West Relations," in Ashton B. Carter and David N. Schwartz, eds., *Ballistic Missile Defense* (Washington, D.C.: Brookings Institution, 1984), 292–98.

[47] Department of Defense, *Soviet Military Power 1987* (Washington, D.C.: Government Printing Office, 1987), 23; and Gerald M. Boyd, "Reagan Proposes U.S.-Soviet Accord on Mobile Missiles," *New York Times*, November 2, 1985, p. 4.

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forces required to support defensive and those required to support offensive doctrines and therefore exaggerated the threat posed by Soviet military policy.

During much of the 1970s and into the early 1980s the American debate tended to paint an overly hostile picture of the Soviet Union by mischaracterizing American nuclear doctrine. An influential argument, which held the Soviet Union had unleashed an unrelenting buildup, focused on the growing Soviet counterforce arsenal; by contrast, it was argued, the United States had deployed forces that were much less threatening. On the basis of this comparison, some analysts suggested that Soviet strategic nuclear deployments reflected malign intentions.[48] Although, in reality, U.S. forces were not as different and its counterforce deployments not nearly as constrained as these arguments maintained,[49] this more hostile image of the Soviet Union prevailed and was a factor in America's shift to a more competitive military policy.

The United States also exaggerated its own insecurity by inflating Soviet military capabilities. Instead of evaluating the U.S. ability to perform military missions, which is the correct way to assess military capability, the United States often simply compared the size of U.S. and Soviet forces. When defense has an advantage over offense, this shorthand approach leads directly to threat inflation. Official government publications and other pessimistic assessments used a variety of misleading comparisons to question the adequacy of American nuclear capabilities.[50] Similarly, the prevailing view of the conventional balance in Europe—that NATO suffered severe inferiority—was not supported by thorough analysis and was contradicted by the most detailed studies.[51]

IMPLICATIONS OF NATIONAL-LEVEL FAILURES

A recognition of the role of biased national-level evaluation in generating misperceptions has a variety of policy implications. First, the defender

[48] For example, Committee on the Present Danger, "Has America Become Number 2?" (June 29, 1982), reprinted in Charles Tyroler II, ed., *Alerting America: The Papers of the Committee on the Present Danger* (New York: Pergamon-Brassey's, 1984), 208.

[49] On U.S. and Soviet forces and views of the balance in the 1970s, see Garthoff (fn. 45), 785–800; for interesting comparisons, see Warner R. Schilling, "U.S. Strategic Nuclear Concepts in the 1970s: The Search for Sufficiently Equivalent Countervailing Parity," *International Security* 6 (Fall 1981); on the evolution of counter-silo forces, see Bruce G. Blair, *Strategic Command and Control* (Washington, D.C.: Brookings Institution, 1985), Appendix A; and Congressional Budget Office, *Trident II Missiles* (Washington, D.C.: Government Printing Office, 1986).

[50] Michael Salman, Kevin J. Sullivan, and Stephen Van Evera, "Analysis or Propaganda? Measuring American Strategic Nuclear Capability, 1969–1988," in Eden and Miller (fn. 5).

[51] On this point, see John J. Mearsheimer, "Numbers, Strategy and the European Balance," *International Security* 12 (Spring 1988), 180 n. 8. See also Alain C. Enthoven and K. Wayne Smith, *How Much Is Enough?* (New York: Harper and Row, 1971).

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should expect misperceptions to be far more common than if they derived solely from cognitive failures. Consequently, the defender should in general be more skeptical of policies that will succeed only if its adversary is clear-sighted.

Second, the defender should search for additional indicators of misperception, for example, the quality of the adversary's public debate and the vitality and diversity of its analytic units. These indicators are likely to be more apparent than are indicators of individual misperceptions, which are often hidden from public view, and to provide a better picture of the quality of evaluation guiding the adversary's policy.

Third, the defender should try to develop policies that would improve the adversary's national-level evaluative capabilities. These opportunities may be rare, since the defender's military policy will usually be unable to influence the organizational structure and political traditions of the adversary's state. Nevertheless, opportunities may present themselves. For example, when the adversary's military dominates the formulation of its military strategy, arms control negotiations might widen the circle of players involved in the development of the adversary's military policy, thereby increasing the diversity of views and contributing to the development of civilian expertise.[52] In addition, the defender might be able to introduce cooperative concepts into the adversary's analysis of military policy by developing and maintaining less formal contacts between the countries' foreign and security policy experts.[53] In such cases, cooperative—bilateral—policies have advantages over unilateral policies.

Mode of Interaction: Learning versus Shifts in Domestic Power

The above sections assume that the adversary's leaders strive to take full advantage of information provided by the defender's military policy, even though their efforts may be impaired by cognitive and national-level evaluative failures. However, a very different interaction can occur when the adversary's leaders are engaged in a competition for domestic power and disagree about the nature of the defender and/or the objec-

[52] Along these lines, Jack Snyder suggested that conventional arms control negotiations could contribute to the growing role of civilians in Soviet defense policy. See Snyder, "International Leverage on Soviet Domestic Change," *World Politics* 42 (October 1989), 26–27. I do not mean to imply by making this recommendation that militaries always advocate dangerous policies and civilians always champion safe ones. However, militaries do appear, in general, to favor offensive policies; when these are unduly offensive, civilian involvement might offer a valuable counterbalance.

[53] Matthew Evangelista argues that interactions between Western European proponents of nonoffensive defense and Soviet civilian reformers influenced Gorbachev's policy on conventional forces. See Evangelista, "Transnational Alliances and Soviet Demilitarization" (Paper prepared for the Council on Economic Priorities, Project on Military Expenditures and Economic Priorities, October 1990).

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tives their own country should pursue. Under these conditions, the adversary's leaders may instead use the information provided by the defender's military policy to gain support for policies they already favor and to discredit positions held by their domestic opponents.[54] In extreme cases, elites simply gain or lose domestic influence but learn nothing. Their use of information stands in sharp contrast to learning models.

In its most dramatic form shifts in the relative influence of competing factions determine the type of regime governing the adversary's country.[55] In less extreme cases the current domestic order remains in place, but the faction(s) that control policy change; or the controlling faction(s) remain in power but become more or less able to ignore the objections posed by domestic opponents.

In addition to providing a different explanation of how political consequences are generated, a focus on shifts in the balance of domestic power can recommend different policies than would be recommended by a focus on learning by individuals. For example, a cooperative policy, say, arms control, might be desirable even if the adversary's current leaders are likely to learn the wrong lesson: "hard-liners" might infer weakness in the defender's resolve, but arms control could increase the defender's security by increasing the influence of "moderates."

Shifts in the balance of domestic power between the adversary's moderates and hard-liners can alter both the prevailing view of the defender and the adversary's policies. Moderates and hard-liners can differ along two dimensions. Moderates tend to be less interested in nonsecurity expansion and to see smaller threats to their own country's security. Divergent assessments of their country's security often reflect different beliefs about the defender's policies, with moderates believing the defender is partly motivated by insecurity and hard-liners focusing exclusively on greed. Divergent assessments of their country's security can also reflect different judgments of the offense-defense balance, with moderates seeing a larger advantage for the defense.[56] These disagreements lead to divergent policy preferences, with moderates tending to prefer defensive

[54] Matthew Evangelista notes the inadequacy of learning models and the importance of "second-image models" in explaining arms competition and cooperation. See Evangelista, "Cooperation Theory and Disarmament Negotiations in the 1960s," *World Politics* 42 (July 1990), 526–28.

[55] Jack Snyder, "Averting Anarchy in the New Europe," *International Security* 14 (Spring 1990); Peter Gourevitch, "The Second Image Reversed: The International Sources of Domestic Politics," *International Organization* 32 (Autumn 1978).

[56] For example, in the Soviet case compare the views of moderates (e.g., Gorbachev and proponents of the new political thinking) with opponents of reform. See Stephen M. Meyer, "The Sources and Prospects of Gorbachev's New Political Thinking on Security," *International Security* 13 (Fall 1988); and Raymond Garthoff, "New Thinking in Soviet Military Doctrine," *Washington Quarterly* 11 (Summer 1988).

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strategies and seeing greater room for unilateral restraint, arms control, and diplomacy in managing international relations. By contrast, hard-liners place greater reliance on competitive military policies. Given these differences, reducing the influence of the adversary's hard-liners can make the adversary less greedy and more secure.

The question, then, is under what conditions offensive, competitive policies are likely to shift the adversary's balance of domestic power favorably, and when defensive, cooperative policies are more likely to succeed. A variety of factors matter, including who is in power, the arguments competing elites use to support their policy prescriptions, the strength of the political opposition, and the quality of the adversary's evaluative capabilities.[57]

WHO IS IN POWER AND WHAT THEY ARGUE

The defender's competitive policies tend to undercut adversary hard-liners when they are in power, if the hard-liners' competitive policies are held responsible for provoking the defender's policies. Under these conditions, the adversary's moderates gain influence by arguing that the defender would have pursued less threatening policies if the adversary had been more cooperative. Conversely, the defender's competitive policies strengthen the position of hard-liners if they can argue persuasively that the defender had planned a provocative buildup anyway—that is, it was not reacting to the hard-liners' competitive policies—and that it therefore reflects malign intentions.

Competitive policies tend to undercut moderates when they are in power, since their image of the defender suggests the defender will reciprocate their more cooperative policies.[58] The U.S.-Soviet nuclear competition provides examples. The policies of the Kennedy administration—including the U.S. nuclear buildup, its emphasis on nuclear damage limitation, and its shift to a flexible response strategy—increased opposition to Khrushchev's minimum deterrent doctrine and to his calls for reducing conventional forces. Indeed, they contributed to his eventual downfall.[59] More-competitive Soviet policies then cycled back into

[57] On some of these basic points, with examples from a range of great power cases, see Snyder (fn. 52), who considers additional factors, including whether the regime is weakly or strongly institutionalized; see also James G. Richter, "Action and Reaction in Khrushchev's Foreign Policy: How Leadership Politics Affect Soviet Responses to the International Environment" (Ph.D. diss., University of California, Berkeley, 1989).

[58] The exception occurs if adversary moderates successfully argue that the defender's competitive policies are a reaction to more competitive policies pursued by the adversary in the past. However, moderates will likely be unable to sustain this interpretation unless the defender reciprocates in the near future.

[59] See Alexander Yanov, "In the Grip of the Adversarial Paradigm," in Robert O. Crum-

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the American debate, providing support for competitive American policies. In the mid-1970s the Soviet nuclear buildup significantly influenced the American debate over nuclear strategy, although it did not dramatically shift the prevailing American image of the Soviet Union. The U.S. government justified its pursuit of improved strategic counterforce capabilities largely as a reaction to Soviet counterforce.[60] Although Soviet counterforce was certainly not the single source of U.S. counterforce doctrine,[61] American critics of U.S. doctrine would nevertheless have had better prospects for winning the counterforce debate if the Soviet Union had adopted a countervalue nuclear strategy.[62]

By the late 1970s the Soviet offensive nuclear buildup, in combination with Soviet foreign policy, did play an important role in enabling American hard-liners to discredit the more benign image of the Soviet Union that underpinned the policy of the Carter administration. Reflecting this shift, the Reagan administration rejected arms control and emphasized offensive military policies—including SDI and the Navy's maritime strategy.

Cooperative policies work according to the reverse logic. Less threatening, more cooperative policies, if correctly understood to reflect the defender's benign motivations, support the adversary's moderates when in power. The exception occurs if the adversary's hard-liners argue successfully that the defender's cooperation reflects a lack of resolve. However, as in the case of a greedy adversary suffering from misperceptions, the defender can reduce the probability of this interpretation by overin-

mey, ed., *Reform in Russia and the U.S.S.R.* (Urbana: University of Illinois Press, 1989); George F. Minde II and Michael Hennessey, "Reform of the Soviet Military under Khrushchev and the Role of America's Strategic Modernization," in Crummey; William Taubman ("Khrushchev and Detente," in Crummey), who argues that the United States pursued the correct policy, given Khrushchev's belligerent policies; and Richter (fn. 57), chaps. 6, 7.

[60] Secretary of Defense Schlesinger, *U.S.-U.S.S.R. Strategic Forces*, Hearing before the Subcommittee on Arms Control, International Law and Organization, Committee on Foreign Relations, U.S. Senate, 93d Cong., 2d sess., March 1974, p. 18; and Briefing on Counterforce Attacks, before the same subcommittee, September 11, 1974, p. 9.

[61] U.S. doctrine preceded the Soviet buildup, and counterforce had influential supporters in the U.S. military. On doctrine, see Desmond Ball, "The Development of the SIOP, 1960–1983," in Desmond Ball and Jeffrey Richelson, eds., *Strategic Nuclear Targeting* (Ithaca, N.Y.: Cornell University Press, 1986). On the Air Force, see Graham T. Allison and Frederic A. Morris, "Armaments and Arms Control: Exploring the Determinants of Military Weapons," *Daedalus* 104 (Summer 1975), 120. On the influence of the military in the MIRV decision, see Ted Greenwood, *Making the MIRV* (Cambridge, Mass.: Ballinger, 1975); and Gerard Smith, *Doubletalk: The Story of SALT I* (New York: University Press of America, 1985), chap 4.

[62] Critics included Barry E. Carter, "Nuclear Strategy and Nuclear Weapons," *Scientific American* 230 (May 1974); G. W. Rathjens, "Flexible Response Options," *Orbis* 18 (Fall 1974); and Jervis (fn. 28). Along similar lines, Snyder (fn. 44) finds that although the offensive strategies of the European powers before World War I were primarily domestic in origin, they were also partly imported; he also notes the export of Soviet counterforce doctrine in the 1970s (p. 146).

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vesting in a defensive strategy and driving tough bargains in arms control negotiations.

Cooperating when hard-liners are in power could support their claim that competitive policies yield concessions, but it could also support the claims of adversary moderates. For example, cooperating in response to the adversary's buildup could enable moderates to argue successfully that the defender will accept conditions consistent with the adversary's security requirements, while discrediting hard-liners who argue that the defender will always pursue superiority and reject unilateral restraint and arms control. During the second half of the 1980s Gorbachev's conciliatory policies worked according to this dynamic, increasing the influence of American moderates who favored more cooperative policies, while making it more difficult for American hard-liners to argue for unlimited competition and against arms control. By contrast, if the Soviets had continued their competitive policies, American hard-liners could have argued their case more persuasively, much as they had since the mid-1970s.[63]

In sum, the defender should usually pursue cooperative policies when moderates are in power. The choice is less clear-cut when hard-liners are in power: the key issue is which interpretation of the defender's motivations will prevail in the adversary's debate. Is the defender reacting to the hard-liner's provocation or simply pursuing threatening policies that reflect malign intentions?

FACTORS INFLUENCING WHICH INTERPRETATION PREVAILS

A variety of factors influence the outcome of the debate over the defender's motivations. Most obvious are the power and skill of competing factions. The stronger the current leadership, the better its prospects for imposing its interpretation, whether the defender's policy is cooperative or competitive.

When hard-liners are in power but do not entirely dominate the debate, the range of plausible interpretations of the defender's policy becomes important. If this range spans the arguments presented by hard-liners and moderates, then neither faction is favored. But if the range of plausible interpretations is narrower and coincides with one side of the debate, the defender's policy will support this faction. This consideration favors cooperative, defensive policies, because they are open to a nar-

[63] An alternative explanation argues that the Reagan and Bush administrations learned that cooperation was preferable. In varying degrees this seems likely. But the more important point here is that even if they continued to prefer intense competition, shifts in American public opinion would have undermined the appeal of their arguments for competing, while supporting moderate elites who offered more cooperative policies.

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rower range of interpretations that lies closer to positions presented by moderates. When defense and offense are readily distinguished, defensive policies do not support the hard-line image of a malign defender pursuing military superiority, since these policies do not increase the defender's ability to pursue expansionist policies. At the same time, relatively unambiguous defensive policies support the moderate's image of a defender willing to respect the adversary's security requirements. Militarily effective defensive responses further help defeat hard-liners by countering the adversary's military forces, thereby making it more difficult for hard-liners to make the case that the defender lacks resolve. By contrast, offensive policies can more easily be interpreted to support the hard-liners' image of a hostile defender, even when the defender's offensive policy is designed and promoted as a reaction to threatening policies.

The quality of the adversary's evaluative capabilities also influences which interpretation prevails. It is especially important for determining whether competitive, offensive responses will undermine hard-liners, since this requires that the adversary recognize that the defender is reacting to its competitive policies. If both hard-liners and moderates believe incorrectly that their country has pursued unthreatening policies, the defender's competitive policy is unlikely to be interpreted as a reaction, and hard-liners gain. When, by contrast, the adversary's moderates argue persuasively that their country's policy has threatened the defender's security, the reactive nature of the defender's policy will support their interpretation. Also important is the adversary's ability to evaluate the defender's military policy. The defender's competitive policy cannot succeed if the adversary is insensitive to changes in the defender's military strategy and force deployments. Furthermore, the adversary must be able to evaluate the motives that underlie offensive and defensive strategies; otherwise the range of plausible interpretations is unlimited, leaving the national debate to be determined entirely by political power.

A final factor influencing the adversary's interpretations is the quality of coordination of the defender's policy. The defender's competitive policy must be sufficiently different from its earlier policy for the adversary to observe a deliberate modification. The timing of this shift must be well matched to the adversary's competitive behavior, since otherwise the adversary cannot discern the correlation between the events. The scope of the defender's competitive response must be commensurate with defensive objectives; otherwise hard-liners are more likely to convince others that the defender's reaction is excessive and thereby defeat moderates who argue the defender's competitive policies are an appropriate reaction.

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In short, when hard-liners are in power, defensive policies provide a more robust approach for supporting moderates and defeating hard-liners—the adversary's interpretation of defensive policies will be relatively insensitive to the quality of its evaluative capabilities and the success of defensive policies does not depend on the defender's ability to implement a measured reactive policy. Offensive policies will be successful under a much narrower set of conditions, including high-quality evaluative capabilities and effective coordination of the defender's reactive policy.

If these conditions are met, however, competitive, offensive policies may be preferable to defensive ones when hard-liners are in power. Successful reactive offensive policies will do more damage to hard-liners than will cooperative policies. Provoking an offensive response reduces the adversary's security, whereas provoking a defensive response simply wastes the adversary's resources, since the defender's reaction ensures that the adversary's military capabilities do not increase, but does not reduce its security. Thus, when hard-liners are in power and certain necessary conditions are met—for example, the adversary has effective evaluative capabilities and the defender can implement a well-coordinated reactive policy—the defender faces a difficult choice. Defensive policies are more likely to succeed, but they will be less effective than offensive ones. The details of the particular case will determine how to make this trade-off.

Approaches for Dealing with Insecure Adversaries, Including Greedy Ones

Summary of Analytic Findings

Taken as a whole, the preceding arguments delineate the conditions under which various types of military policy generate desirable political results. The findings of the analysis can be summarized as follows. First, the broad guidance that political relations with insecure states are best managed with cooperative policies usually holds. In fact, cooperative, defensive policies are probably more widely applicable than is suggested by Jervis's spiral model. The defender may require defensive policies to avoid bad political consequences even when its adversary does not suffer from misperceptions; and cooperative policies are required more frequently because exaggerated insecurity can have two sources—biased national-level evaluative capabilities as well as biased cognition—which makes exaggerated insecurity more common, which increases the need for cooperative military policies. The clearest exception to this broad

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guidance is that under certain narrow conditions the application of competitive policies to an insecure adversary can produce desirable political results by displacing hard-liners.

Second, defenders need to resort to competitive, offensive policies less often than Jervis's deterrence model suggests, since not all greedy states must be managed with competitive policies. If a greedy state does not suffer from misperceptions, militarily effective defensive polices are adequate to avoid bad political consequences. Even if a greedy state does suffer from misperceptions—specifically, if it is inclined to underestimate the defender's resolve—overinvesting in defensive capabilities instead of offensive capabilities should have good prospects, although possibly not the best prospects, for offsetting these underestimates. Further, although competitive policies are sometimes advisable when hard-liners are running the adversary's country, under a wide range of conditions defensive policies are more likely to succeed in reducing the hard-liners' influence. In short, then, although competitive, offensive policies are sometimes best for managing political relations with a greedy adversary, they are often unnecessary, and defensive policies are sometimes preferable.

Third, because states can be motivated simultaneously by both greed and insecurity, it is important to recognize that cooperative, defensive policies can often be effective in managing political relations with greedy states, as well as with insecure states. If competitive polices were required when facing a greedy state, the defender would always confront a difficult trade-off when its adversary was an insecure greedy state. The wider applicability of cooperative policies means that the defender can sometimes avoid this trade-off. A related result is that defensive policies provide a reasonably robust approach when the defender is uncertain of the adversary's motivations and the quality of its evaluative capabilities.

The Defender's Basic Options for Dealing with Insecure States

The defender's military options for implementing less threatening, more cooperative policies are rarely explored in any detail.[64] To define the spectrum of possibilities, I divide the basic cooperative approaches into defense emphasis, arms control, unilateral restraint, and the somewhat more competitive approach of reactive offense.

Much of the preceding analysis set aside the constraints imposed by the security dilemma; it assumed instead the availability of cooperative

[64] On the need for cooperative policies, which are sometimes described as reassurance or a mix of deterrence and reassurance, see, e.g., Richard Ned Lebow, "The Deterrence Deadlock: Is There a Way Out?" in Jervis, Lebow, and Stein (fn. 37); and Lebow and Janice Gross Stein, who review a variety of approaches from cooperation theory in Lebow and Stein, "Beyond Deterrence," *Journal of Social Issues* 43, no. 4 (1987).

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policies and explored the conditions under which the defender should choose them over competitive policies. This section assumes the defender is in a situation where cooperative policies are desirable[65] and focuses on how the nature and severity of the security dilemma should influence the defender's choice between these approaches. It also considers how the defender's choice should be influenced by other factors discussed above, including the extent of the adversary's insecurity and greed and the quality of its evaluative capabilities.

DEFENSE EMPHASIS

In a policy of defense emphasis the defender gives priority to satisfying its military requirements with a defensive strategy, even if it costs more than an offensive one. The defender does not reduce the effectiveness of its military capabilities; it merely shifts them toward more defensive capabilities.

Defense emphasis is possible if the forces required to support a defensive strategy can be distinguished from those required by a more offensive one, in which case, there is an opportunity to eliminate the security dilemma. In its less ambitious form, which applies when offense does not have an advantage over defense, defense emphasis simply requires the defender to be sensitive to the negative political consequences of an offensive strategy. The defender can easily avoid offense and invest whatever resources are saved in defensive capabilities. In its more ambitious form, which applies when offense does have an advantage over defense, unilateral defense emphasis requires the defender to pay extra to moderate the effects of the security dilemma. This may be possible since the offense-defense balance does not by itself determine the defender's policy. Although offense advantage makes a defensive strategy more expensive than an offensive one,[66] outspending its adversary—spending more on defense than its adversary spends on offense—might enable the defender to implement an effective defensive strategy.

The following examples illustrate how the defense-emphasis approach would guide the defender's policy.[67] American proponents of an offen-

[65] When I say that cooperative policies are desirable, I am referring narrowly to the political consequences they are likely to generate. In certain of these cases, the defender should nevertheless pursue competitive policies because the military benefits of competition exceed the political benefits of cooperation. For example, in extreme cases the adversary's misperceptions may be so severe that war is unavoidable and the defender should give priority to preparing to fight it.

[66] The offense-defense balance reflects the relative cost of equal protection provided by offensive and defensive strategies. Jervis (fn. 1), 187–88.

[67] For additional possibilities, see Van Evera (fn. 1, 1987), who considers factors that influence whether defense can meet extended deterrence commitments, for example, by stationing denial forces on allies' territory (pp. 8–12).

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sive nuclear strategy argued that the United States required counterforce to redress the ratio of surviving nuclear forces following a Soviet counterforce attack. In place of this offensive policy, defense emphasis would have attempted to meet U.S. nuclear requirements without forces that threatened Soviet nuclear deterrent capabilities: increasing the survivability of U.S. forces would have eliminated the Soviet ability to shift the ratio of forces, thereby making counterforce unnecessary. Another example concerns the German war plan in the decades preceding the First World War. Had it opted for a policy of defense emphasis, Germany would have replaced the Schlieffen Plan, which required a major offensive attack against France, with plans for remaining on the defense on both fronts. The feasibility of this approach depended on two issues: first, could a defensive policy succeed, which it probably could have;[68] second, could Germany have convinced France that it was not planning an offensive, which is less clear because many of the forces required for defense resembled those required for offense.

The feasibility of this approach decreases with the advantage of offense over defense; it could be infeasible if offense has an overwhelming advantage, because the defender can outspend its adversary by only so much. If the adversary is insecure but not greedy, however, defense emphasis could eventually reduce the defender's costs by encouraging the adversary to shift to a defensive strategy. The defender's defense emphasis encourages such a shift if it (1) corrects the adversary's leaders' misperceptions of the defender's hostility; and/or (2) reduces the political power of hard-liners within the adversary's government. The adversary's shift to defense in turn makes it less costly for the defender to maintain its defensive capabilities. By contrast, although offense is less expensive for the defender in the short run, it increases the likelihood and intensity of continued arms competition that is more expensive for both countries in the long run.

ARMS CONTROL

When offense and defense are distinguishable, arms control provides a bilateral option for achieving the same results as a policy of unilateral defense emphasis.[69] Arms control agreements that limit offensive deploy-

[68] Of course, this possibility assumes Germany wanted only to protect its borders and was otherwise willing to forgo expansion. On the feasibility of a defensive option, see Snyder (fn. 33), who argues that the best option might have included a limited offensive in the East (pp. 116–22).

[69] Arms control might also be valuable when offense and defense are indistinguishable. When combined with adequate verification provisions, it could increase both countries' security by increasing their confidence that the other was not going to launch an arms buildup

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ments enable the defender to shift to a less offensive military strategy without compromising the military capability necessary for deterrence and/or defeating the adversary if deterrence fails.[70] Relative to defense emphasis, arms control becomes more attractive as the advantage of offense grows, since defeating the adversary's offense with defense becomes more expensive and at some point exceeds the defender's means.[71] Related to this, agreements will provide large political benefits when offense has a large advantage over defense, since this is when the defender's offense poses the greatest threat to the adversary.[72]

When defense has the advantage, the defender's choice between arms control and unilateral defense emphasis should depend partly on its own domestic political debate. In this case, arms control is unnecessary to achieve its central purpose—to avoid threatening the adversary's deterrent capabilities—since the defender can afford a policy of defense emphasis. If the adversary insists on deploying offense, however, the defender may face domestic political barriers that make defense emphasis infeasible. Proponents can offer a variety of arguments for matching the adversary's offense. They may say, for example, that perceptions are important—not matching the adversary's offense raises doubts about the defender's resolve—and that the adversary's offense reflects malign intentions, which should be answered with competitive policies. If these arguments are influential, arms control agreements that constrain the offense of both countries might be politically feasible when a policy of defense emphasis is not.

The ABM Treaty is a good example of this type of agreement. Although retaliatory capabilities (defense) clearly dominated damage-limitation capabilities (offense) in the 1960s, both superpowers showed significant, if wavering, interest in extensive deployments of antiballistic missile (ABM) systems.[73] Had the Soviet Union deployed an extensive ABM system, the United States could have met its deterrent requirements by improving its retaliatory capabilities, that is, without deploying an ABM

and that they would therefore not fall behind in an arms race. This could reduce misperceptions of motivations, as well as concerns about military capabilities.

[70] Jervis (fn. 1), 201.

[71] Unfortunately, barriers to agreements grow with the advantage of offense, since the defender's security becomes more sensitive to cheating. However, this risk can be reduced by allowing the deployment of additional defensive systems.

[72] In addition, when offense has an advantage over defense, these agreements enhance the defender's military capability for defense and/or deterrence. Although not formulated explicitly in terms of offense-defense, classical arms control theory focuses on this objective. See, e.g., Thomas C. Schelling and Morton H. Halperin, *Strategy and Arms Control* (New York: Twentieth Century Fund, 1961).

[73] For an overview of this period and citations to more extensive discussions, see David N. Schwartz, "Past and Present: The Historical Legacy," in Carter and Schwartz (fn. 46).

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of its own. In the face of Soviet deployments, however, proponents of this unilateral defense emphasis would have had difficulty prevailing in the U.S. debate.

Arms control has another potential advantage over unilateral defense emphasis. As noted in the section on evaluation, it may contribute to improvements in the adversary's national-level evaluative capabilities by broadening the circle of experts involved in making defense policy.

Compared with unilateral defense emphasis, though, arms control can have two shortcomings. First, in the case of a defender facing a greedy insecure state that suffers from misperceptions, there is a risk that arms control will lead the adversary to underestimate the defender's resolve. To demonstrate its resolve, the defender must therefore be a tough negotiator, being particularly careful to avoid uncompensated concessions. With unilateral defense emphasis, by contrast, the defender avoids the risks of negotiations while achieving a comparable shift in the offense-defense balance of deployed forces. Second, pursuit of arms control could first require the defender to pursue a more offensive policy to provide offensive systems to trade for the adversary's offense and/or to convince the adversary that an arms race will reduce its security. If arms control fails under these circumstances, the defender winds up posing a larger threat to the adversary's security. Therefore, in choosing between these cooperative approaches, the defender must assess the probability of reaching agreement, including whether using offense as a bargaining chip will undermine moderates in the adversary's country and support factions in its own country that oppose trading away that offense. The case for unilateral defense emphasis grows as the probability of successful arms control decreases.

UNILATERAL RESTRAINT

In a policy of unilateral restraint, the defender reduces its ability to implement its military strategy to increase its adversary's security. By reducing its ability to defend itself, the defender also reduces the threat it poses to its adversary. Unlike defense emphasis and to a lesser extent arms control, a policy of unilateral restraint is feasible when offense and defense are indistinguishable. Although unilateral restraint is also feasible when offense and defense are distinguishable, defense emphasis or arms control is usually preferable in that situation. The latter approaches are less risky because they enable the defender to increase the adversary's security without reducing its ability to protect itself.

One use of unilateral restraint is primarily tactical—to set in motion a more cooperative relationship in which the countries can pursue recip-

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rocated restraint, either tacitly or through a formal arms control process. To implement this approach—which in its general form is referred to as GRIT (graduated reciprocation in tension reduction)[74]—the defender forgoes capabilities it believes have military value to improve the adversary's image of the defender. If the adversary can be persuaded that the defender is less malign, through learning and/or shifts in the balance of domestic power, the prospects for achieving coordinated reductions in threatening forces are increased. GRIT may be especially appropriate when the adversary suffers from misperceptions about the defender, considering it a greedy state. In these circumstances the adversary is likely to shun arms control and other cooperative policies because making concessions to a greedy state can be particularly dangerous. The defender may be able to reduce these misperceptions by demonstrating its willingness to run some risks to increase the adversary's security.

A second use of unilateral restraint, though less discussed, is at least as important: the defender forgoes certain offensive missions but, unlike with GRIT, does not make continued restraint contingent upon reciprocation. The basic objective is not to initiate a continuing, interactive process but instead simply to increase the adversary's security by reducing threats to its capabilities and improving its image of the defender. This approach recognizes that the security dilemma presents a true dilemma, and the defender chooses less military capability and reduced adversary insecurity over the opposite.

The following example illustrates the general point. During the 1980s some analysts wanted to bolster NATO's conventional deterrent by adding a counteroffensive option to its more defensive doctrine of forward defense. They argued that a purely defensive doctrine unduly minimized the risks to the Soviet Union if it attacked NATO.[75] However, NATO's prospects for success with its defensive strategy were already quite good; that is, it could probably have stopped a Soviet blitzkrieg, which would have been sufficient to deter most if not all adversaries.[76] Under these conditions, adding a counteroffensive option could have been self-defeating: although it would have brought increased risk to the Soviet Union if it

[74] On GRIT, see Charles E. Osgood, *An Alternative to War or Surrender* (Urbana: University of Illinois, 1962); Deborah Welch Larson, "Crisis Prevention and the Austrian State Treaty," *International Organization* 41 (Winter 1987); and George W. Downs and David M. Rocke, *Tacit Bargaining, Arms Races, and Arms Control* (Ann Arbor: University of Michigan Press, 1990), esp. 41–51.

[75] Huntington (fn. 34), 32–56.

[76] On the requirements of conventional deterrence, see John J. Mearsheimer, *Conventional Deterrence* (Ithaca, N.Y.: Cornell University Press, 1983); on the conventional balance, see the policy focus section in *International Security* 12 (Spring 1988).

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attacked NATO, the concomitant increase in Soviet incentives to attack could have been even greater.

The risk of unilateral restraint grows with the adversary's greediness, since the defender must increasingly protect its credibility, which calls for giving priority to policies that assure its military capabilities. If the defender's unilateral restraint can play a role in the adversary's domestic debate and reduce the influence of hard-liners, then its risks are somewhat reduced. It is difficult to determine whether unilateral restraint is advisable, however; the judgment requires comparing the risks of reduced military capabilities with the benefits of the adversary's increased security. The other cooperative approaches, by contrast, avoid raising this trade-off in such stark form, because they do not require the defender to reduce its military capabilities.

REACTIVE OFFENSE

In addition to these cooperative approaches, there is also the option of a somewhat more competitive approach, which I have termed *reactive offense*. The defender initially pursues defensive measures to offset whatever offense the adversary has deployed; if the adversary continues to deploy offense, the defender shifts to offense. The purpose of reactive offense is to make it clear that the defender is exercising restraint by following a conditional offensive policy that will continue only as long as the adversary pursues offensive advantages. At the same time, such a policy enables the defender to maintain military capabilities that are essential for its security. A minimally successful policy of reactive offense teaches the adversary the futility of pursuing offense;[77] in more successful cases, the adversary's leaders infer that the defender lacks malign intentions, and/or the defender's reactive policy defeats adversary hard-liners.

In comparison with cooperative options, reactive offense becomes more attractive as the advantage of offense over defense increases: it is then more economically feasible than defense emphasis and less risky than unilateral restraint. A policy of reactive offense can support arms control by providing bargaining chips to trade for the adversary's offense, but the defender can find itself at a negotiating disadvantage if its offense lags too far behind the adversary's.

Reactive offense is more likely to succeed when the adversary has especially good evaluative capabilities, because they are necessary to identify and explain the reactive nature of the defender's policy. If instead the adversary ignores or distorts the reactive nature of the defender's offense, then this more competitive policy is less likely to succeed than

[77] We can imagine this as a situation in which the adversary has prisoner's dilemma payoffs, and sequential moves enable the defender's Tit-for-Tat policy to end the arms race.

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are cooperative ones.[78] In addition, success is more likely when hard-liners are in power and face serious opposition. Otherwise, the defender's offense is likely to increase both the hard-liners' political influence and their individual insecurity.

Furthermore, the defender may face problems in implementing a policy of reactive offense. In order to react in a timely fashion, the defender must do its research and development in advance, but this runs the risk of convincing the adversary that the defender is preparing to move first in the next round of the competition. This problem grows with the advantage of offense, since the defender will see larger risks in falling behind. Moreover, the defender may be unable to turn its offense on and off in a way that clearly matches the adversary's moves. The defender's flexibility will be reduced as planned weapons systems become incorporated into its military strategy and develop powerful constituencies. In addition, the defender will need highly effective evaluative capabilities of its own to determine whether the adversary is showing restraint. Without these capabilities, the defender is likely to misinterpret ambiguities in both countries' military policies and to conclude incorrectly that the adversary has launched the next round of offensive competition, even as the adversary believes it is still catching up.

Implications for U.S. Military Policy

The end of the cold war has dramatic implications for U.S. military policy, most obviously for military requirements. The collapse of the Warsaw Pact, the withdrawal of Soviet forces from Eastern Europe, and the dissolution of the Soviet Union greatly reduce the military threat facing the West; it is moreover widely believed that Russia[79] is uninterested in attacking the West. These changes allow the United States and its NATO allies to make substantial reductions in the military forces dedicated to deterring Russian attack.

More important, the end of the cold war bears on issues related to the political consequences of U.S. military policy. First, U.S. security now depends more heavily on the evolution of Russia's international goals than on changes in Russian military capabilities. Consequently, the United States should emphasize policies that encourage the evolution and stabilization of Russian goals that improve the long-term prospects

[78] On the sensitivity of Tit-for-Tat to misinterpretation, see George W. Downs, David M. Rocke, and Randolph M. Siverson, "Arms Races and Cooperation," in Oye (fn. 18), 137–43.

[79] Russia is used here to refer to whatever major power emerges from the former Soviet Union; it could therefore include other former Soviet republics in addition to Russia, if the recently formed Commonwealth of Independent States or some successor develops an integrated military and foreign policy.

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for peace. In the near term Western economic and diplomatic policies are likely to be most important. Over time, however, as Russia's political and economic revolutions stabilize, Russia will become more outward looking and other countries' military policies are likely to play a larger role in shaping its objectives. Second, the end of the cold war essentially eliminates a military requirement for the United States to deploy forces in Europe; it creates instead a political role for American military forces in a new European security structure.

Third, the end of the cold war essentially brings to an end the long-standing debate over how the United States should manage its political relationship with the Soviet Union—whether with competitive policies or with cooperative ones. The key arguments for competition are simply no longer sustainable. The most important argument held that the Soviet Union was a myopic greedy state—inclined to underestimate U.S. resolve and determined to achieve its greedy goals through expansion. Taken together, the collapse of communism, the Soviet Union's geopolitical retrenchment, and Russia's movement toward democracy have generated a consensus that Russia is not a greedy state.

Another key argument for competitive policies maintained that Soviet leaders were always secure because they recognized that U.S. military policy was a reaction to their own provocative policies and that the United States would attack only in response to Soviet aggression. Some analysts now express a similar view, arguing that with U.S.-Russian relations transformed, Russia will entirely discount American military capabilities and therefore the United States need not worry about Russian insecurity. However, there is really little justification for confidence that Russia will remain indefinitely immune to the pressures created by international anarchy. Its relations with the United States could be strained by a variety of events, for example, a hard-line coup in Moscow and Western reactions to it, or Western provision of security guarantees to Central Europe. Russia would then likely worry about the West's intentions and fear Western military capabilities, much as it did in the past.[80] These fears could be heightened by Russia's weaker position, since it now faces the West without Central European allies and possibly without the republics of the former Soviet Union.

A final argument in the cold war debate over competition versus co-

[80] This possibility is supported by the fact that U.S. military policies did fuel Soviet insecurity during the cold war. On Soviet concerns during the cold war, see Garthoff (fn. 45); specifically on views of U.S. nuclear policy, see Garthoff, pp. 417–18, 768–70, 796–800; Samuel B. Payne, "The Soviet Debate on Strategic Arms Limitation, 1968–1972," *Soviet Studies* 27 (January 1975); and Parrott (fn. 46), 9–21.

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operation held that competitive American policies would bring about more moderate Soviet behavior by discrediting the hard-liners who were running Soviet policy. For now, with moderates in power in Russia,[81] the West should pursue cooperative policies to support them.[82] In short, the end of the cold war has created a situation in which a number of reinforcing considerations provide the United States with a straightforward case for pursuing cooperative military policies.

The United States has already begun adjusting its military strategy, but concern for political consequences recommends additional cooperative moves. Current U.S. nuclear strategy, which is oriented toward targeting Russian nuclear capabilities, is more offensive than is necessary. An effective defensive strategic nuclear strategy is easy to design because nuclear weapons essentially eliminate the U.S. security dilemma. Nuclear weapons have created a world of mutual assured destruction (MAD) capabilities in which defense (retaliatory capability) dominates offense (damage-limitation capability)—including counterforce and areawide strategic defenses—and in which offense and defense are distinguishable. Although some analysts believe the United States requires limited counterforce capabilities in MAD, the case against counterforce, already strong during the cold war, is even stronger today.[83] Thus, the United States can meet its requirements for nuclear deterrence with a purely defensive policy.

Because offense can communicate malign intentions even when defense dominates, the United States should avoid nuclear offense. Although not explained in these terms, recent U.S. initiatives will move the U.S. force posture in the right direction: its arms control proposals are designed to reduce the ballistic missiles that are most effective in threatening opposing forces; and its unilateral decisions to stop procurement of the B-2 bomber (which was initially intended to provide some capability against Russian mobile nuclear targets) and of the Seawolf sub-

[81] On the effect of U.S. policy on Soviet domestic politics, see Snyder (fn. 52); Richter (fn. 57); and Matthew Evangelista, "Missed Opportunities and Closed Archives: Did the Eisenhower Administration Defeat Khrushchev's Disarmament Initiatives?" (Paper presented at a conference on Eisenhower's World Legacy, Moscow, November 1990).

[82] Whether the United States should shift to competitive policies if hard-liners regain power is a more difficult question. If Russian national-level evaluative capabilities are weak, then this approach is likely to backfire. On the weaknesses of civilian institutions that provided military advice in the former Soviet Union, see Snyder (fn. 52), 25–28; Condoleezza Rice, "The Party, the Military, and Decision Authority in the Soviet Union," *World Politics* 40 (October 1987); and Stephen M. Meyer, "Civilian and Military Influence in Managing the Arms Race," in Robert J. Art, Vincent Davis, and Samuel P. Huntington, eds., *Reorganizing America's Defense* (New York: Pergamon-Brassey's, 1985).

[83] For analysis of American counterforce requirements, see Glaser (fn. 34), chap. 7; idem, "Nuclear Policy without an Adversary: U.S. Planning for the Post-Soviet Era," *International Security* 16 (Spring 1992).

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marine (which was designed to enhance U.S. strategic antisubmarine warfare [ASW] capabilities, which threaten an important component of Russia's nuclear retaliatory capability) will reduce the counterforce potential of the American arsenal.[84]

To reinforce these changes, the United States should pursue policies that will further curtail the offensive potential of its nuclear forces. Following a policy of unilateral restraint, the United States should entirely forgo strategic ASW. This will require a related change in American conventional naval strategy for protecting its sea-lines of communication (SLOCs) to Europe, because the United States has relied on forward strategic ASW to keep the Soviet navy far away from the Atlantic sea-lanes.[85] Instead, following a policy of defense emphasis, the United States should shift to a more defensive approach to SLOC protection that emphasizes direct protection of convoys and rejects forward operations against Russian strategic submarines.[86] In addition, the United States should continue relying on arms control to minimize the offensive potential of ballistic missile defenses (BMD). The United States is, however, considering deploying limited BMD—a system capable of protecting the United States from accidental and nth country missile attacks—that would require amending the ABM Treaty. Deploying such a system could generate Russian insecurity, since Russian leaders are likely to worry that it could be expanded to threaten their retaliatory capabilities. Even if we exclude the risk of provoking Russian insecurity, the case for limited BMD is weak.[87] Thus, policies that can assure Russia that U.S. objectives are limited should be a prerequisite for proceeding with limited BMD.[88]

Consideration of the political consequences of military policy also provides useful insights into the design of a new security structure for Europe and for America's role in this structure. I briefly address three questions. First, should NATO extend security guarantees to the East European states that were formerly members of the Warsaw Pact?[89] Whether

[84] On these recent initiatives, see "Text of Bush's Message: Heating Up the Economy, and Looking Beyond," *New York Times*, January 29, 1992, p. 16; and John Lancaster and Barton Gellman, "Navy Subs, Big Army Programs Facing Ax," *Washington Post*, January 19, 1992, p. 12.

[85] On the basic cold war naval missions and the debate over them, see John J. Mearsheimer, "A Strategic Misstep: The Maritime Strategy and Deterrence in Europe," *International Security* 11 (Fall 1986); and Linton F. Brooks, "Naval Power and National Security: The Case for the Maritime Strategy," *International Security* 11 (Fall 1986).

[86] On the feasibility of this approach, see Barry R. Posen, *Inadvertent Escalation: Conventional War and Nuclear Risks* (Ithaca, N.Y.: Cornell University Press, 1992).

[87] See Matthew Bunn, "Star Wars Redux: Limited Defenses, Unlimited Dilemmas," *Arms Control Today* 21 (May 1991), 12–18.

[88] This policy is outlined in Glaser (fn. 83).

[89] For arguments supporting security guarantees, see Samuel P. Huntington, "America's Changing Strategic Interests," *Survival* 33 (January–February 1991), 13.

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Western interests warrant extending some type of security guarantee to these countries is beyond the scope of this article. But whatever benefits these security guarantees might provide must be weighed against the risk of increasing Russian insecurity.[90] If expanding NATO into Eastern Europe increases Russian insecurity, Western security might also be reduced, for example, by increasing Russia's incentives to exert control over former Soviet republics or former members of the Warsaw Pact. The West should therefore take care to minimize any increase in its ability to attack Russia. Thus, if security guarantees are warranted, NATO should limit its security involvement to commitments to come to the defense of these states if they are attacked. It should not deploy forces in Eastern Europe, nor should it integrate these countries into its military structure.

A second question asks whether Europe should move to a collective security system to preserve peace among its major powers, including Russia and the United States. Collective security is a leading possibility because, unlike traditional alliances, its logic applies to situations in which member states do not face a clear enemy.[91] Western European powers see each other as essentially "ideal states"—states that do not need to deter each other, because they are secure and not-greedy. They are secure because after forty-odd years of cold war cooperation they are confident that their neighbors are uninterested in attacking them; as a result the security dilemma no longer operates. Western European relations with Russia are certainly not yet comparable to relations within Western Europe, but the hope is that relations will continue to move in that direction.

Collective security may not, however, be well suited to what should be its most basic task—maintaining and improving the currently good political relations between Europe's major powers. Collective security requires that all states join forces against any aggressor and therefore that all states are capable of sending forces into the attacked country or into the aggressor's country. However, these offensive capabilities could provoke the very political tensions they are supposed to prevent. As long as relations remain very good in Western Europe, these countries will not be troubled by the offensive potential of their neighbors. But the same is not true for Russia: nonadversarial relations between Russia and the West are not so well established that we can be confident that Western

[90] For useful discussion, see Stephen Van Evera, "Managing the Eastern Crisis: Preventing War in the Former Soviet Empire," *Security Studies* 1 (Spring 1992).

[91] The case for collective security is well presented in Charles A. Kupchan and Clifford A. Kupchan, "Concerts, Collective Security, and the Future of Europe," *International Security* 16 (Summer 1991).

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capabilities for launching an offensive into Russia will not become a source of Russian insecurity. And viewed from the vantage of Western Europe, large Russian offensive capabilities—which it would require, for example, to meet a commitment to protect France against attack by Germany—could be a source of insecurity.

Although the growth of similar fears within Western Europe is less likely, the possibility should not be ignored.[92] Precisely because relations are now so good, these countries are likely to avoid creating dangerous misperceptions and insecurity. Nevertheless, the European security structure should be designed to work in the event relations begin to be strained, in which case, the security dilemma might begin to operate again and thereby increase tensions instead of damping them. A security structure in which all the major powers emphasize defensive capabilities has better prospects for preserving good relations.

Finally, a third question asks whether a U.S. military presence in Europe is still valuable now that Western European resources are more than adequate to provide defense against a weaker and geographically distant Russia. The answer is yes—for political purposes. Even a small U.S. military presence can provide a visible symbol of America's continuing commitment to Western European security, which will enable the major Western European powers to adopt military and foreign policies that pose smaller threats to Russia and possibly to one another and will reduce any fears that might be generated by the offensive potential that remains. At the same time, although U.S. military potential will remain large, its distance from the Continent and its history of intervening in Europe only to oppose countries that are pursuing hegemony make it unlikely that American military potential will become a source of insecurity.

In closing, with political relations between the major powers in transition, the political consequences of military policy warrant special attention. Fortunately, the United States has the opportunity to pursue policies that promise to reduce future Russian insecurity without jeopardizing the deterrent capabilities the United States should maintain to hedge against future uncertainties. At the same time, a continuing American commitment to peace in Europe can provide security that will facilitate the development of a security structure for meeting the challenges of the post–cold war era.

[92] On the wide range of views on the prospects for avoiding tensions between Western European states, see Sean Lynn-Jones, ed., *The Cold War and After: Prospects for Peace* (Cambridge: MIT Press, 1991).

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SOVIET CIVIL-MILITARY RELATIONS AND THE AUGUST COUP

By JOHN W. R. LEPINGWELL*

THE Soviet military was a key player in both the initiation and the collapse of the August 1991 coup attempt, breaking a long tradition of nonintervention in domestic politics. But even though tanks appeared in downtown Moscow, the feared military crackdown never occurred. Instead, the coup fizzled as military apathy turned into opposition. This essay seeks to determine how the military became involved in the coup attempt, why it failed to carry out its mission, and the implications of the coup for post-Soviet civil-military relations. One must go beyond a simple chronology of events in order to answer these questions. Rather, events must be seen within a context that illuminates the key factors and trends in Soviet civil-military relations and that locates those elements in a larger, comparative analytical framework. A multiple-stage approach is taken. Existing models of Soviet civil-military relations are first surveyed and then tested against recent developments in Soviet military politics. This serves as a basis for selecting the best-supported model, both to analyze precoup Soviet civil-military relations and to develop the model further. Finally, the implications of this model for the coup attempt and the future stability of civil-military relations in Russia are examined.

The analysis indicates that many of the traditional bases of civilian control over the military had been eroding throughout the Gorbachev era. Of great importance was the perceived decline in governmental legitimacy and competence, which led some members of the senior military leadership to break their tradition of nonintervention. Countering this, and less visible, was the emergence of a new form of civilian control based upon new democratic mechanisms. The coup marked a turning point, in that the foundation of civilian control shifted decisively in the

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direction of democratic legitimation. Whether this will prove a robust form of civilian control depends upon the ability of the Soviet successor states to maintain their legitimacy and reinforce military professionalism in the face of mounting social, ethnic, and economic crises.

Models of Soviet Civil-Military Relations

Past studies of Soviet civil-military relations focused on the mode of ideological control, using Samuel Huntington's distinction between subjective and objective control as an underlying analytical framework.[1] Huntington's definition of professionalism is a key element in drawing this distinction. Accordingly, an officer corps is seen as a professional group characterized by expertise, responsibility, and corporatenesss; the management of violence is its primary skill.[2] Inherent also is a preference for merit-based promotion within the system, that is, for advancement through furthering professional skills. Thus, the military seeks autonomy in managing its internal affairs and perfecting its professional skills. Professionalism, then, is the opposite of politicization, for once politicized, an army loses its emphasis on skills and merit-based promotion, to become instead a political body.[3] It is in the manner in which different civilian leaderships deal with this closed professional group that Huntington finds crucial differences.

In the subjective control model the civilian leadership seeks to maximize its power by establishing mechanisms of civilian control throughout the military. The model assumes an inherent conflict between the requirements of civilian control and those of military professionalism.[4] Rather than allowing merit-based promotion and military autonomy, the civilians seek to intervene at all levels of the military system.

By contrast, in the objective control model the military is politically neutralized by allowing it maximal professionalism and substantial autonomy in its specialty—preparing to employ force against external enemies. Thus, "objective civil control achieves this reduction [in military influence] by professionalizing the military, by rendering them politically sterile and neutral."[5] Professional officers are expected to concentrate on

[1] Huntington, *The Soldier and the State* (Cambridge: Harvard University Press, 1957), 80–85.

[2] Ibid., 7–18.

[3] Ibid., 54–58, 84–85.

[4] Ibid., 84.

[5] Ibid., 80–85, quote at 84. Eric Nordlinger bases his categorization of civilian control on Huntington's, calling them the liberal and penetration models. See Nordlinger, *Soldiers in Politics: Military Coups and Government* (Englewood Cliffs, N.J.: Prentice-Hall, 1977), 12–19.

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military missions and avoid meddling in the nonprofessional business of politics.

Huntington's formulation of these two models was intended to throw into sharp relief the difference between civil-military relations in democratic and communist polities. According to Huntington, subjective control was dominant in communist polities, whereas objective control was more developed in democratic systems. But while many subsequent studies of communist civil-military relations have been based on this distinction, there has been no consensus on which type of control was present.[6]

The leading proponent of the subjective model, Roman Kolkowicz, has argued that conflict between Soviet civilian and military authorities was inherent in the political system and therefore required intrusive civilian control over the military.[7] This conflict stemmed from a fundamental contradiction between the egalitarian, antimilitaristic Marxist ideology of the civilian leadership and the elitist, realist, military leadership embodying the "military mind."[8] To ensure civilian control, the Communist Party of the Soviet Union (CPSU) retained its power over the military through a special control structure, the Main Political Administration (MPA). The MPA played the role of a "watchdog" over the military and reduced military professionalization by emphasizing political correctness over military competence,[9] and thereby politicizing it. Nevertheless, Kolkowicz argues, despite these constraints the military increased its influence during the Brezhnev period.[10]

[6] David Albright has argued that Huntington's approach ignores the wide variations in the politics of communist states. Albright's alternative, a multivariable characterization of civil-military relations, is broadly consistent with the interpretation of the objective model as developed in this paper. See Albright, "A Comparative Conceptualization of Civil-Military Relations," *World Politics* 32 (July 1980).

[7] The pathbreaking work in this area is Kolkowicz, *The Soviet Military and the Communist Party* (Princeton: Princeton University Press, 1967). See also idem, "The Military," in Gordon Skilling and Franklyn Griffiths, eds., *Interest Groups in Soviet Politics* (Princeton: Princeton University Press, 1970); and idem, "The Political Role of the Soviet Military," in Joseph L. Nogee, ed., *Soviet Politics: Russia after Brezhnev* (New York: Praeger, 1984). Other works that implicitly or explicitly use this model include Yosef Avidar, *The Party and the Army in the Soviet Union* (Jerusalem: Magnes Press, 1983); and Amos Perlmutter, *The Military and Politics in Modern Times* (New Haven: Yale University Press, 1977). In a later work Kolkowicz moved away from a purely subjective model and noted a degree of accommodation between the military and civilian leaderships. See Kolkowicz "Military Intervention in the Soviet Union: Scenario for Post-Hegemonial Synthesis," and "Toward a Theory of Civil-Military Relations in Communist (Hegemonial) Systems," in Kolkowicz and Andrzej Korbonski, eds., *Soldiers, Peasants and Bureaucrats* (Boston: George Allen and Unwin, 1982).

[8] See Kolkowicz (fn. 7, 1967), 11–35; and Huntington (fn. 1), 59–79. Other research on military sociology suggests that the military does have a distinctly different set of values from that of civilians. See Nordlinger (fn. 5), 31–61; Bengt Abrahamsson, *Military Professionalization and Political Power* (Beverly Hills, Calif.: Sage, 1972), 59–100.

[9] Kolkowicz (fn. 7, 1967), 80–98.

[10] Kolkowicz (fn. 7, 1984), 74–83.

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The subjective control model has been challenged by Timothy Colton, who argues that the Soviet military was given substantial autonomy and that objective control was dominant.[11] The civilian authorities' recognition of the Soviet military's domain of authority reinforced professional autonomy.[12] In return, the military leadership recognized civilian authority over nonmilitary domains. This approach holds that military influence was very limited outside the purely military domain and that civilian decision makers were dominant.[13]

The objective control model stresses shared interests and links between the military on the one hand and society and the party structure on the other; it does not, however, posit a complete condominium between the civilian and military elites. In this model the MPA is not a watchdog, but rather through its long and close interaction with the military it has developed many shared interests. The interaction between the military and civilian elites is characterized by a shared view of authority that recognizes the legitimacy of the civilian government.[14] Thus, the military is not involved in political issues, a result of (1) its professionalism, (2) a congruence of values with party leaders, and (3) its limited domain of influence and responsibility.[15]

Nevertheless, even under the objective control model the military could assume a leading role in domestic politics. Colton notes two paths by which this could occur: involvement and intervention. First, the military could gradually increase its scope of involvement in domestic politics, which could eventually lead to direct, forceful intervention in the political process. A second path to military influence is through immediate, direct intervention to defend the military's core interests or values.[16] But the objective model implies that the military is reluctant to undertake such action because it runs counter to military professionalism and autonomy. Thus, the military can be drawn into politics by external

[11] Colton, *Commissars, Commanders, and Civilian Authority* (Cambridge: Harvard University Press, 1979); idem, "Civil-Military Relations in the Soviet Union: The Developmental Perspective," *Studies in Comparative Communism* 11 (Autumn 1978). The model is discussed and further elaborated in Colton, "Perspectives on Civil-Military Relations in the Soviet Union," and Thane Gustafson, "Conclusions: Toward a Crisis in Civil-Military Relations?" both in Colton and Gustafson, eds., *Soldiers and the Soviet State* (Princeton: Princeton University Press, 1990). A decision-making model based on this approach may be found in Condoleezza Rice, "The Party, The Military, and Decision Authority in the Soviet Union," *World Politics* 40 (October 1987).

[12] Huntington (fn. 1), 83–85.

[13] Rice (fn. 11), 78–81; Gustafson (fn. 11), 354–58; Bruce Parrott, "Political Change and Civil-Military Relations," in Colton and Gustafson (fn. 11); Kenneth Currie, *The Soviet Military: An Introduction* (New York: Paragon House, 1991).

[14] Gustafson (fn. 11), 336–38, 358–64.

[15] Colton (fn. 11, 1979), 279–81; idem (fn. 11, 1978), 213–14, 219.

[16] Colton (fn. 11, 1979), 233–49.

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factors, such as the disintegration of governmental authority or civilian interference in military affairs.

The distinctions between these two models have important implications for understanding the military's role in the Soviet polity. The subjective control model points to the importance of formal control mechanisms, whereas the objective control model emphasizes the importance of informal control systems and the interaction of the military with the polity as a whole. The two models differ on the mechanisms that should be studied, as well as on the expected level of civil-military tension and its implications.

Testing Models of Soviet Civil-Military Relations

The different bases and suppositions of the two models may be formalized in a number of propositions that may be tested directly. Propositions in three areas follow directly from the two models. Many of these differences are a matter of degree, but in a few areas the two models make predictions that are diametrically opposed. These latter may thus be tested directly. Propositions in three areas follow directly from the two models.

Military Influence during Succession and Authority-building Periods

The subjective control model implies that military influence should increase during periods of succession, as civilian politicians seek to enlist the military in a winning coalition. The increased role of the military in foreign and security policy decision making should lead to more conservative policy.[17] Kolkowicz implies that the military's influence in the early 1980s was already enormous, even before the transition period of 1982–85, when Andropov and Chernenko were in power.[18]

Conversely, the objective model does not predict a major increase in military influence during periods of leadership succession.

Role of the MPA

Under the subjective model the military leadership should act to weaken or eliminate the MPA, so as to bolster military autonomy. Similarly, the CPSU should attempt to increase its control by strengthening the MPA, particularly when imposing unpopular military policies.

Under the objective model, the MPA does not limit military autonomy

[17] Kolkowicz (fn. 7, 1967), 32; idem (fn. 7, 1982), 122–26.
[18] Kolkowicz (fn. 7, 1984), 74–83.

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but instead raises morale and may even support military autonomy. Thus, the military leadership may favor the maintenance of the MPA.

Leadership Values

The subjective model posits an inherent divergence between military and civilian values; it suggests that any loosening of party controls over the military will result in increased military activity in domestic politics.

Conversely, the objective model suggests that the Soviet military leadership shares many core values with the civilian leadership in the Party and state. A relaxation in party control may not necessarily lead to increased military involvement.

These three sets of propositions may be compared with recent developments in Soviet civil-military relations. In so doing both the adequacy and inadequacies of these models may be determined, and directions for improvement noted.

First, did military influence grow during the succession period, while Gorbachev was consolidating power and building authority? The evidence suggests it did not.

Gorbachev turned the standard process of authority building upside down. Whereas his predecessors had attempted to build authority through domestic programs and policies before turning to foreign policy issues,[19] Gorbachev moved rapidly to improve relations with the United States and used those accomplishments in foreign policy to build authority. But initiatives such as unilateral military cuts, the nuclear testing moratorium, the INF accord, and agreements for deep cuts in strategic and conventional weapons ran counter to the interests and preferences of the military. This string of moves in the arms control arena suggests that military influence was not very great, since it could not prevent the adoption of a radically new foreign policy direction, even during a period of consolidation of authority by a new party leader. While there were some variations in the level of influence, the general trend was for the military to lose influence, even in its own domain of authority.[20]

Second, on the question of the MPA's role, the findings are less clear-cut and point to important fault lines within the Soviet military.

The MPA became a topic of heated debate after the Soviet constitution was amended in March 1990 to allow the formation of alternative political parties. Reformers called for the "depoliticization" of the army either

[19] See George Breslauer, *Khrushchev and Brezhnev as Leaders: Building Authority in Soviet Politics* (Boston: Allen and Unwin, 1982), 3–14, 269–92.

[20] Parrott (fn. 13), 75–92; John Van Oudenaren, *The Role of Shevardnadze and the Ministry of Foreign Affairs in the Making of Soviet Defense and Arms Control Policy* (Santa Monica, Calif.: Rand Corporation, 1990).

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by eliminating the MPA or by restructuring it into a social assistance and counseling service. They also wanted to ban all party organizations in the military.[21]

The debate over the MPA peaked at the Twenty-eighth CPSU Congress in July 1990.[22] The military and MPA leadership conceded the need to restructure the MPA but argued that the MPA retained an important role in building morale, integrating troops of different nationalities, and ensuring the political reliability of the Soviet soldier.[23] Reflecting these views, the congress's resolution on military affairs denounced depoliticization but called for the restructuring of the MPA and CPSU military party organization structure.[24]

The congress also revealed a significant split between the senior leadership and junior officers. While most of the 269 military delegates to the Twenty-eighth Congress were quite conservative, there was some dissent from junior officers.[25] One junior military delegate to the congress asserted that 84 percent of the CPSU servicemen he had surveyed supported depoliticization because of their opposition to the confrontational and bureaucratic attitudes of party workers, the dogmatism of the MPA, and the obligatory nature of CPSU membership for officers.[26] Such views were in a definite minority at the congress, however, presumably due to the nonrepresentative nature of the delegate selection process.

In late 1990 and early 1991 Gorbachev implemented the transfer of the MPA apparatus from the CPSU to the Ministry of Defense and created a new CPSU party organization within the military.[27] The MPA was offi-

[21] See, e.g., Vladimir Lopatin, "Armiya i politika," *Znamya* 7 (1990). Arguments for and against retaining the MPA are presented in Viktor Podziruk and Nikolay Petrushenko, "Pered litsom realiy ili po puti otritsaniya?" *Kommunist Vooruzhennykh Sil* 7 (1990).

[22] Stephen Foye, "The Soviet Armed Forces: Lead-Up to the Party Congress," *Report on the USSR* 28 (1990); idem, "Defense Issues at the Party Congress," *Report on the USSR* 30 (1990). For a breakdown of military representatives to the congress, see "Voyennyye na parts'yezde," *Krasnaya zvezda*, July 5, 1990, p. 4.

[23] Aleksey D. Lizichev, "Uchityvat' realii perestroyki," *Krasnaya zvezda*, March 20, 1990, p. 1; idem, "Politrabota i moshch' armii," *Pravda*, February 1, 1990, p. 5; Boris Gromov, "Army Officer on Separation of Military, Politics," FBIS-SOV, April 24, 1990, pp. 74–75 (from *Argumenty i Fakty*, no. 12, March 24–30, 1990); Dimitriy T. Yazov, "Perestroyka v strane, perestroyka v armii," *Pravitel'stvenniy vestnik* 6 (February 1990); idem, "Klyuchevaya zadacha voyennoy reformy," *Krasnaya zvezda*, September 2, 1990, p. 1.

[24] "Ob osnovnykh napravlenniyakh voyennoy politiki partii na sovremennom etape," *Krasnaya zvezda*, July 11, 1990, pp. 3–4. Lizichev was replaced as head of the MPA by General Shlyaga just after the Twenty-eighth Congress.

[25] "Voyennyye na parts'yezde" (fn. 22). See also the sources cited in fn. 22.

[26] "Chto ne voshlo v gazetnyye otchety," *Kommunist Vooruzhennykh Sil* 18 (1990), 22; other evidence of divergent views may be found in V. Smirnov, "The Army and Politics: Two Approaches," *Moscow News*, no. 27 (1990), 6.

[27] "Ukaz Prezidenta SSSR," *Krasnaya zvezda*, September 5, 1990, p. 1; "Ob utverzhdenii obshchego polozheniya o voyenno-politicheskikh organakh," *Krasnaya zvezda*, January 12, 1991, p. 1; "Voyenno-politicheskiye organy: osnovy postroyeniya, organizatii raboti i zada-

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cially stripped of its responsibility for CPSU work, and its officers were to be left with responsibility for propagating state policy, education, sociological research, military-patriotic education, and morale building.[28] Yet this split was a mere formality, and relations between the MPA and the new CPSU party organization remained very close. General Shlyaga, the head of the MPA, maintained that since the CPSU was still the "ruling party," its policies would be promulgated by the MPA. The MPA's leadership also hinted that it would defend the dominant role of the CPSU by resisting efforts to establish non-CPSU organizations in the military.[29]

The debate over the role of the MPA suggests that many members of the senior military leadership were not eager to eliminate it. The reasons for this support become clear if we reexamine the nature of the interaction between the military and the MPA during the Brezhnev period, when the MPA imposed a form of passive politicization.[30] Acquiescence and ritual support for the CPSU was more important than true belief. Officers learned to stay within the bounds of permitted public expression and continued with their work. With most competent officers toeing the line politically, political considerations were unlikely to have been the primary criteria for advancement.[31] This passive politicization served to support the regime: it educated Soviet officers and troops in the nature and values of Soviet society but did not involve them actively in the po-

chi," *Krasnaya zvezda*, January 23, 1991, p. 2. The MPA was renamed the Military-Political Administration of the Ministry of Defense. The common acronym MPA will be used here.

[28] Nikolay I. Shlyaga, "Na pozitsiyakh obnovleniya," *Krasnaya zvezda*, September 4, 1990, pp. 1–2, for a discussion of the content of ideological work in the reformed MPA. See also Aleksandr S. Dzasokhov, "K novomu kachestvu voyenno-ideologicheskoy raboty," *Pravda*, August 31, 1990, pp. 1–2; Shlyaga, "Armiya ne mozhet byt' vne politiki," *Krasnaya zvezda*, July 5, 1990, p. 1; idem, "Nachal'nik Glavpura," *Izvestiya*, July 18, 1990, p. 2; idem, "Novyy status, novyye funktsii," *Krasnaya zvezda*, January 16, 1991, p. 1.

[29] Nikolay A. Moiseyev, "Armiya sluzhit narodu," *Krasnaya zvezda*, February 6, 1991, p. 1. See also fn. 21; Shlyaga, "Politorgany: vremya radikal'nogo obnovleniya," *Krasnaya zvezda*, July 20, 1990, p. 1–2; Shlyaga (fn. 28), 2.

[30] In effect, the work of the MPA and the involvement of all military officers in the CPSU structure was a form of "enlisted involvement" or "coproduction" intended to block the formation of independent political formations or groups ("departicipation"). For a discussion, see Philip G. Roeder, "Modernization and Participation in the Leninist Development Strategy," *American Political Science Review* 83 (September 1989). Note that this concept of departicipation is somewhat compatible with a "weak" form of subjective control, incorporating some of the points raised in Kolkowicz (fn. 7, 1967), 80–98. Whereas Kolkowicz points to the active portion of the control function, Roeder is more concerned with the effects of coproduction in relieving or attenuating pressures for participation. See Roeder, 865–66.

[31] On Soviet military professionalism, see Currie (fn. 13). One study reports finding no substantial difference in the performance of military and civilian work groups. While there may be a slightly greater tendency to promote servicemen based on nonexperiential criteria, national origin rather than political orientation appears to be the main reason for this divergence. See Michael Berbaum and William Zimmerman, *Assessing Soviet Military and Civilian Performance: An Initial Report*, Soviet Interview Project Working Paper no. 40 (Urbana: University of Illinois, September 1987), 19–21.

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litical process.[32] Inculcating patriotism in conscripts was a particularly important task, since the military was the one institution that pulled together youth from across the Soviet Union.[33]

In short, the military leadership considered the work of the MPA to be a useful service; junior officers, however, were annoyed by the daily interference of the MPA in their work schedules and the routine administration of combat units. Thus, attitudes toward the MPA varied substantially throughout the chain of command.

Although the role of the MPA changed as perestroika developed, it lagged behind the evolving Gorbachev line and favored the more conservative elements in the CPSU.[34] Once the formation of new parties became legal, the MPA acted to maintain its influence within the military by trying to keep out the new democratic parties. This approach, while institutionally self-serving, also supported the interests of many of the senior military leadership, who feared that the process of democratization and politicization in the military would undermine its cohesion and eventually threaten their own leadership positions.

Thus, while the MPA may have been established to perform a watchdog role, by the time of the August coup it was no longer doing so. Instead, it was acting to a large extent on behalf of its own interests and the interests of the most conservative elements of the CPSU. These interests were also congruent with those of the conservative military leadership.

Third, on the issue of leadership values, Kolkowicz has argued that the values of the civilian and military leaders were highly divergent, contra Kolkowicz, however, there were many shared values between the Brezhnev civilian leadership and the military. Both emphasized stability and order, while recognizing the importance of military power.

What are the core values of the Soviet military? Definitions of the "military mind" vary, but a core set of values might include: (1) a high regard for political order, (2) negative attitudes toward political activity, (3) an "apolitical vision of the governmental process," (4) strong nationalist sentiments, and (5) concern over external (and internal) threats arising from a pessimistic, Hobbesian view of human nature.[35] These con-

[32] Colton (fn. 11, 1979), 42–135; Ellen Jones, *Red Army and Society: A Sociology of the Soviet Military* (Boston: Allen and Unwin, 1985), 114–47.

[33] Jones (fn. 32), 148–79.

[34] This is not to imply that the MPA is monolithic. Many prominent reformers, such as Viktor Lopatin and Dmitriy Volkogonov, are former MPA officers. They were apparently in the minority, however.

[35] Nordlinger (fn. 5), 53–61, quote at 58; Abrahamsson (fn. 8), 75–79; Huntington (fn. 1); Kolkowicz (fn. 7, 1967), 20–35; Donald L. Horowitz, *Coup Theories and Officers' Motives: Sri Lanka in Comparative Perspective* (Princeton: Princeton University Press, 1980), 167–71.

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cerns are manifest in a conservative, authoritarian, and nationalistic outlook that emphasizes three key goals: establishing a strong defense against external threats, ensuring the unity of the nation-state, and maintaining internal order and stability. These values and goals were espoused by the Soviet military under both Brezhnev and Gorbachev. But they were congruent with the values and goals of the Brezhnev regime; during that period differences between the civilian and military elites typically centered on the means by which these goals were to be achieved rather than on the goals themselves.[36]

Under Brezhnev the two elite groups shared a common concern for maintaining the stability and established order of Soviet society.[37] As a result, the top military leadership (general officers and above) benefited both directly and indirectly from the relatively high priority accorded the military in society and the economy. The Soviet military was able to build up its forces, and the military leadership enjoyed a high level of personal prestige and material privilege. So whatever conflict there was between the military and civilian leaderships under Brezhnev, it was limited and did not threaten core military values.[38]

As perestroika evolved, however, a gulf developed between civilian and military leadership values. In the view of the military leadership glasnost and perestroika jeopardized essential components of stability and order. The military leadership expressed its disapproval in a number of ways. First, it openly condemned democratic reformers (such as Yeltsin), whom it viewed as a threat to political order and stability.[39] Second,

[36] Seweryn Bialer, *Stalin's Successors* (New York: Cambridge University Press, 1980), 57; David Holloway, "War, Militarism, and the Soviet State," in Erik P. Hoffmann and Robbin F. Laird, eds., *The Soviet Polity in the Modern Era* (New York: Aldine, 1984), 374–84.

[37] William E. Odom emphasizes this point; see Odom, "Who Controls Whom in Moscow?" *Foreign Policy* (Summer 1975); and idem, "The Party-Military Connection: A Critique," in Dale Herspring and Ivan Volgyes, eds., *Civil-Military Relations in Communist Systems* (Boulder, Colo.: Westview Press, 1978), 32–34. However, he rejects the argument that this is due to the existence of a "military mind" and downplays the importance of military professionalism. On shared values, see also Colton (fn. 11, 1990), 25–29.

[38] Colton argues that most Soviet military politics are bureaucratic politics; see Colton (fn. 11, 1979), 47; and idem (fn. 11, 1990), 8–9. The distinction between specific interest disagreements and basic value conflicts follows that of Bialer (fn. 36), 57. Several studies have pointed to the importance of bureaucratic politics in Soviet decision making for defense. See Andrew W. Marshall, "Bureaucratic Behavior and the Strategic Arms Competition" (Southern California Arms Control and Foreign Policy Seminar, 1971); Edward Warner III, *The Military in Contemporary Soviet Politics* (New York: Praeger, 1977); Arthur J. Alexander, *Decision-making in Soviet Weapons Procurement*, Adelphi Papers 147–48 (London: International Institute for Strategic Studies, 1978); Dale Herspring, *The Soviet High Command, 1967–1989* (Princeton: Princeton University Press, 1990).

[39] Criticism of Yeltsin peaked after his suggestion, made in the wake of the shootings at the Vilnius TV tower, that Russia should create its own army. The reaction of the military was reflected in two open letters, one signed by high-ranking military officers: "Politicheskiye ambitsii i sud'ba otechestva: Otkrytyye pis'ma B. N. Yel'tsinu," *Krasnaya zvezda*, January 18, 1991, p. 4; and "Otkrytoye pis'mo," *Krasnaya zvezda*, January 19, 1991, p. 3.

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it denounced calls for independence and sovereignty as threats to national unity.[40] Military commentators were far more likely than civilians to couch their denunciation of nationalist movements in terms of alleged attempts by "destructive forces" and Western intelligence agencies to disrupt the Soviet Union.[41] Third, the more conservative senior military leaders resisted the reformation of the Communist Party because they considered a strong and unified party to be a unifying force in a potentially fractious state. Many members of the senior military leadership sided with the more conservative elements of the CPSU and the Russian Communist Party.[42]

Even when the military and civilian leaderships shared values, the implementation of policies to safeguard those values was a growing bone of contention. The failure to suppress nationalist agitation raised doubts among the military about the efficiency, capabilities, and authority of the Soviet civilian leadership.

Selecting a Model

Of the two models of civil-military relations surveyed, the objective control model appears to accord better with the observed patterns of Soviet civil-military relations during the early period of perestroika. The absence of a clearly defined control role for the MPA, the weak influence of the military in succession periods, and the convergence of values under the Brezhnev regime all point to an objective system of control as the basis for Soviet civil-military relations.

Nevertheless, the evidence also suggests that the objective model is incomplete. The role of the MPA included some elements of subjective control, and the assessment of that role varied significantly at different levels of the military hierarchy, with less support coming from junior officers. Furthermore, the MPA could no longer be said to serve a unified

[40] See, e.g., Mikhail A. Moiseyev, "Yedinomy gosudarstvu: yedinnyye vooruzhennyye sily," *Krasnaya zvezda*, February 23, 1991, p. 2; Albert Makashov " 'My ne sobirayemsya sdavat'sya,' " *Krasnaya zvezda*, June 21, 1990, p. 2; and Igor Rodionov, "I Mech tupoy, i shchit dyryavyy?" *Kommunist Vooruzhennykh Sil* 19 (1990).

[41] Even Yazov accused the U.S. of interference; see Yazov, "U.S. Funding for Soviet Groups Detailed," FBIS-SOV, January 2, 1991, pp. 37–38 (from *Sovetskaya Rossiya*, December 26, 1990, p. 5).

[42] Shared interests between the top military leadership and the conservative civilian leadership of the Russian Communist Party (RCP) were evident in the favorable coverage of the RCP in the military press and in the election of a number of high-ranking officers to the RCP central committee. Several military officers gave conservative speeches at the founding congress of the RCP, most notably Colonel General Makashov. See Makashov (fn. 40), 2; and Nikolay Boyko, "Armiya—chast' naroda i sluzhit emu," *Krasnaya zvezda*, June 22, 1990, p. 2. Both Makashov and Boyko were elected to the RCP central committee, along with ten other servicemen; see "Voyennosluzhashchiye v rukovodyashchikh organakh Kompartii RSFSR," *Krasnaya zvezda*, September 20, 1990, p. 4.

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Party, as the CPSU became increasingly factionalized in the period leading up to the coup. Instead, the MPA appears to have been used by the military leadership to augment its control over the lower ranks and conscripts. In addition, much of the foundation of objective control was eroded as perestroika developed: military prerogatives were challenged, politicization of the military increased, and military recognition of civilian authority began to weaken. There were also developments that are not found in the standard models, for example, an increasing divergence in the views of senior and junior military officers and even in the views of officers of the same rank. A new form of politics began to emerge within the Soviet military and between the civilian and military leaderships.

The New Soviet Politics and Civil-Military Relations

One would expect military professionalism to minimize the likelihood of involvement or intervention, but even a highly professional military may be driven to intervene if its professional autonomy is limited or its corporate interests threatened.[43] During perestroika objective control was undermined in several ways: (1) by threats to military autonomy in the security decision-making process; (2) by challenges to the military's core values of national unity and stability; (3) by the increasing politicization of the military; and (4) by the decline in civilian authority and legitimacy. Still, these developments did not completely destroy objective control, for at the same time, new foundations based on popular elections and democracy were being created.

Professional Autonomy and Decision-making Authority

Under Brezhnev, the civilian leadership set security policy, but the military controlled the military-technical side of doctrine and had substantial input into arms control decision making.[44] Under Gorbachev, the military's professional autonomy came under threat, as the Ministry of Foreign Affairs and other civilian actors took the lead in defining Soviet security policy.

Disagreements over security policy centered on such fundamental issues as the role of military power in foreign relations and the formulation of strategy and doctrine. While the military formally accepted Gorba-

[43] See Samuel E. Finer, *The Man on Horseback: The Role of the Military in Politics* (London: Pall Mall, 1962), 24–30; Nordlinger (fn. 5), 63–78; and Colton (fn. 11, 1979), 233–49.

[44] See Stephen M. Meyer, "Civilian and Military Influence in Managing the Arms Race in the USSR," in Robert J. Art, Vincent Davis, and Samuel P. Huntington, eds., *Reorganizing America's Defense: Leadership in War and Peace* (Washington, D.C.: Pergamon-Brassey's, 1985); and Rice (fn. 11), 55–81.

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chev's policy of "reasonable sufficiency," its acceptance was halfhearted at best.[45] The emphasis on arms control championed by Foreign Minister Shevardnadze also met with resistance from the military.[46] Attacks on Shevardnadze by conservative political leaders, particularly two military deputies to the Congress of People's Deputies, Viktor Alksnis and Nikolay Petrushenko, were instrumental in forcing his resignation in December 1990.[47] After the resignation military criticism of the emphasis on arms control and of the Ministry of Foreign Affairs became more open.[48]

These disputes over security policy threatened the military's autonomy as well as one of its core goals—the obligation to provide for the security of the nation. In response to these challenges to its professional autonomy, the military became more vocal in defending its policy preferences, leading to increased civil-military tension in winter 1990–91 and early spring 1991.[49]

Internal Security and National Unity

There exists a tension between professional autonomy and the core goal of ensuring national unity and political stability: professionalization tends to reduce the military's willingness to be used for internal security missions, because the diversion of forces jeopardizes the ability to meet external threats. This tension in turn leads to an apparent paradox, as the military may call for tough measures yet be highly averse to engaging in a crackdown itself.

[45] The most comprehensive analysis is Richard Hyland Phillips, "Reasonable Sufficiency and Defensive Defense in Soviet Conventional Military Policy," in William Zimmerman, ed., *The Changing Soviet Union and New Directions in American Security Policy* (Ann Arbor: University of Michigan Press, forthcoming).

[46] See, e.g., "Doklad E. A. Shevardnadze," *Vestnik MID* 15 (August 1988), 27–46; M. Vinogradov and Viktor Belous, "Dogovor po SNV i nasha bezopasnost'," *Sovetskaya Rossiya*, August 23, 1990, p. 3; Van Oudenaren (fn. 20); Jack Snyder, "International Leverage on Soviet Domestic Change," *World Politics* 42 (October 1989), 22–27.

[47] See Shevardnadze's resignation speech, "Resignation Speech to Congress," FBIS-SOV, December 20, 1990, pp. 11–12 (from Moscow Domestic Service, December 20, 1990). Criticism of Shevardnadze's policies is reflected in "Supreme Soviet Debates Shevardnadze Report 15 Oct," FBIS-SOV, October 18, 1990, pp. 24–25 (from *Izvestiya*, October 17, 1990, pp. 1, 4); Yuriy Makarov, "Army Deputies' Criticism of Shevardnadze Viewed," FBIS-SOV October 19, 1990, pp. 50–51 (from *Izvestiya*, October 18, 1990, p. 1); Stanislav Kondrashov, "Shevardnadze Move Tied to Disputes with Military," FBIS-SOV, January 3, 1991, pp. 1–3 (from *Izvestiya*, January 3, 1991, p. 7).

[48] V. Semenov and I. Sas, "Tverdost' pozitsii: Partiynoy konferentsii General'nogo shtaba Voruzhennykh Sil SSSR," *Krasnaya zvezda*, February 21, 1991, p. 2. See also Stephen Foye, "The High Command Confronts 'New Political Thinking' at Home and Abroad," *Report on the USSR* 2 (March 29, 1991).

[49] Suzanne Crow, "U.S.-Soviet Relations: How Deep Is the Chill?" *Report on the USSR* 3 (March 1, 1991); Douglas Clarke, "Trouble with the Conventional Forces Treaty," *Report on the USSR* 3 (April 12, 1991).

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The Soviet military's reluctance to intervene is reflected in the "Tbilisi syndrome," named for the April 1989 incident in which army units killed seventeen demonstrators in Tbilisi. Despite its attempts to deny responsibility for the deaths, the military was blamed for the massacre and learned the cost of such a mission: loss of public confidence and inflamed separatist sentiment.[50] In response, military leaders argued that ethnic conflicts should be brought under control by nonmilitary means or that paramilitary forces of the Interior Ministry and KGB be used should force be necessary.[51]

The military was nevertheless drawn into internal security missions because of the worsening ethnic conflict in some areas of the country and the increasing shortfall in the number of draftees.[52] The extent of military concern was dramatically revealed in a November 1990 meeting between Gorbachev and military deputies. In response to the harsh criticism of his policies, Gorbachev was defensive and uncertain, but shortly afterward he issued a decree granting the military additional rights to use arms in self-defense, as well as the authority to conduct operations to forestall threats to military installations.[53] The military again expressed its concern over stability in December 1990, when a number of senior officers signed a petition calling for Gorbachev to declare a state of emergency in areas where "law and order" threatened to break down.[54]

In the case of the Baltic republics the military had clearly overcome its reluctance to intervene by January 1991, when army units were deployed to round up draft evaders, establish checkpoints, and finally to assault the Vilnius TV tower.[55] The fierce domestic and international reaction

[50] Dmitriy T. Yazov, "Perestroyka v strane, perestroyka v armii," *Pravitel'stvenniy vestnik* 6 (February 1990), 8; Foye (fn. 48), 25.

[51] See, e.g., "Yazov Answers Viewers' Questions," FBIS-SOV, April 1, 1991, pp. 33–34 (from Central Television, March 30, 1991). The military leadership supported plans to greatly increase the size of the MVD's paramilitary forces; see Dmitriy T. Yazov, "Yazov Calls National Army Units 'Unacceptable,' " FBIS-SOV, March 12, 1990, pp. 76–79 (from *Izvestiya*, March 12, 1990); S. Taranov, "Ministry of Internal Affairs Troops to Increase," FBIS-SOV, October 26, 1989, pp. 81–82 (from *Izvestiya*, October 4, 1989, p. 6).

[52] "Vypolnyaya Ukaz Prezidenta Desantniki pribyli na rassvete," *Krasnaya zvezda*, January 10, 1991, pp. 1, 3.

[53] See "Armiyu ne otdelit' ot narodov', Vstrecha Prezidenta SSSR s Deputatami-voyennosluzhashchimi," *Krasnaya zvezda*, November 15, 1990, pp. 1-4; Yazov, "Vystupleniye ministra oborony SSSR," *Krasnaya zvezda*, November 28, 1990, p. 1.

[54] Signatories included chief of the general staff Moiseyev, Army commander General Varennikov, and Navy commander Admiral Chernavin. See "Further on Emergency Rule," FBIS-SOV, December 19, 1990, pp. 44–45 (from Agence France Presse, December 19, 1990). Yazov did not endorse the call but was sympathetic to it; Yazov, "Armiya i politika," *Krasnaya zvezda*, December 20, 1990, p. 3.

[55] General Varennikov, who later played a leading role in the coup attempt, was apparently responsible for the Vilnius crackdown. The official commentary on the Vilnius TV tower attack is Yazov, "Vystupleniye ministra oborony SSSR v parlamente," *Krasnaya zvezda*, January 15, 1991, p. 1.

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to the events may have forestalled any further intervention, and Defense Minister Yazov defended the military's involvement but also argued that the military ought not to play the main role in such missions.[56] Nevertheless, concern over threats to national unity persisted, and in February 1991 Chief of the General Staff Moiseyev warned that "perestroika has collided with the resistance of antisocialist and nationalistic forces, with attempts to liquidate Soviet power, and to cause the disintegration of the USSR."[57] By using such harsh language the military leadership made clear that it regarded the retention of central control as a primary mission.

The urgency of the military's warnings seemed to fade, however. The March 1991 referendum on the Union passed, and Gorbachev successfully forged the April "9 plus 1" agreement between republics, an agreement that constituted the basis of the new Union treaty. The military leadership was restrained in its assessment of the Union treaty. Although some concern was expressed over the lack of clarity in delineating the rights and obligations of the Union and republics in defense matters, military commentators did not question the treaty as a whole. Indeed, their primary concern appears to have been that the treaty might not be ratified by all of the signatories.[58]

In the period leading up to the coup the Soviet military was torn between professional duty and the perceived need to use force in internal conflicts. The military leadership did not celebrate the use of the military, nor did it advocate further military action. To the contrary, the resort to force against civilians tended to reinforce the belief among many officers that such action was a breach of professional conduct. This was the case even though the military leadership perceived direct threats both to the future of the Soviet Union and to its own corporate interests. Furthermore, there is little indication that the senior military leadership viewed the Union treaty per se as a threat to national unity. Rather, the

[56] "Yazov Answers Viewers' Questions," FBIS-SOV, April 1, 1991, p. 33 (from Central TV, March 30, 1991). Coordination between the Ministry of Defense and the Interior Ministry also increased with the appointment of General Boris Gromov to the post of first deputy minister of the interior. See "Deputat Boris Gromov," *Krasnaya zvezda*, December 21, 1990, p. 1.

[57] Mikhail Moiseyev (fn. 40), 2. See also S. F. Akhromeyev, "Akhromeyev Asserts Army's Defense of Constitution," FBIS-SOV, November 14, 1990, pp. 56–58 (from *Sovetskaya Rossiya*, November 14, 1990, p. 6); Yazov (fn. 55), 1–3.

[58] Moiseyev appears to have been quite flexible on the delineation of responsibility for defense; see Moiseyev, "Voyennaya reforma: realii i perspektivy," *Krasnaya zvezda*, June 12, 1991, pp. 1–2; Konstantin I. Kobets and Mikhail A. Moiseyev, "Sovmestno krepit' oboronu strany," *Krasnaya zvezda*, February 20, 1991, pp. 1, 5. For a discussion of military aspects of the Union treaty, see L. Sharin, "Dlya armii etot god budet perelomnym," *Krasnaya zvezda*, April 17, 1991, p. 2.

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concern was over a long-term trend toward disorder that the Union treaty seemed unlikely to stop.

The Politicization of the Military

The Soviet military was caught up in the maelstrom of political activity that engulfed Soviet society after 1989. The form this politicization took was, however, very different from that supposedly fostered by the MPA. The new politicization was not consistent, and it varied by rank, age, and place of deployment. Particularly important were the gaps between the senior leadership and the junior officers, and between officers and conscripts. These gaps were created by different interests and problems, as well as by diverse attitudes toward democratization. Several factors influenced the process of politicization, most notably the participation of military deputies in legislatures, the emergences of a new group of junior military reformers, and worsening living conditions for junior officers.

The election of military deputies to the Congress of People's Deputies and to the Supreme Soviet legitimized military participation in politics beyond the military domain. The rough-and-tumble of parliamentary politics pulled military deputies into partisan politics, both exposing and reinforcing the conservative tendencies of the military leadership. Even more striking was the emergence of a younger generation of reform-oriented officers that used its parliamentary platform to criticize the military leadership and to advocate depoliticization and military reform.[59] These junior officers played a critical role in opening up discussions of Soviet defense policy, formulating alternatives, and addressing the problems of the officer corps as a whole.[60] This posed a direct challenge to the dominance of the military leadership, which reacted by harassing the reformers and accusing them of incompetence.[61]

Another factor driving politicization was the continuing decline in the living standard of junior officers. Housing shortages, the withdrawal of

[59] See John W. R. Lepingwell, "Military Deputies in the USSR Congress," *Report on the USSR* 2 (May 18, 1990); Stephen Foye, "Radical Military Reform and 'the Young Turks,' " *Report on the USSR* 2 (April 13, 1990), 8–10.

[60] The best-known effort of these reformers has an alternative military reform plan that envisioned major cuts in, and a radical restructuring of, the Soviet military. See "Proyekt semnadtsati," *Komsomolskaya pravda*, February 11, 1990, p. 1; G. Sturua, "Peripetii voyennoy reformy," *MEMO* no. 7 (1990), 87–92. The full text of the reform proposal may be found in "O podgotovke i provedenii voyennoy reformy v SSSR," *MEMO* no. 9 (1990), 117–22.

[61] One leading reformer, Major Vladimir Lopatin, was expelled from, and later reinstated in, the CPSU in retaliation for his views. See Stephen Foye, "Defense Ministry Moves to Silence Reformer," *Report on the USSR* 2 (May 18, 1990); S. Pashayev, "Tupiki odnogo konflikta," *Krasnaya zvezda*, May 11, 1990, p. 4; "Narodnyy deputat SSSR Mayor Lopatin vosstanovlen v KPSS," *Izvestiya*, May 17, 1990, p. 2; Vladimir Lopatin, "Pravo na . . . muzhestvo," *Argumenty i fakty* 30 (July 28–August 3, 1990), 3.

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troops from Eastern Europe, rising inflation, declining prestige, media criticism, food shortages, ethnic tensions, and inadequate wages contributed to a growing morale problem.[62] Complaints were particularly common among junior officers, who had little money and few alternatives, and these grievances were aired at a number of meetings and conferences.[63] The inability of the CPSU and MPA systems to deal with the problem contributed to the formation of non-CPSU political groupings, such as the independent servicemen's union, Shield.[64] The military leadership responded by blaming civilian authorities for deteriorating conditions even while trying to shut down Shield.[65] The issue of living conditions is one that tended to split the officer corps—neither the democrats nor the conservatives had a unique claim to the issue. It may, however, have served to turn the officers against the existing military leadership while also undermining confidence in civilian authorities.[66]

Soviet forces stationed in areas of nationalist or ethnic unrest faced even more acute problems. Tension between servicemen and the local population fostered an "us versus them" mentality that lowered morale and also increased hostility to the local population. This phenomenon may have fanned conservative sentiment in some segments of the junior officer corps.[67]

Thus, perestroika sparked political activity within the officer corps and legitimized dissent within the military. It also paved the way for open criticism of the declining standard of living of servicemen. None-

[62] Vladimir Arkhipov, "Rynok stavit problemy," *Krasnaya zvezda*, December 8, 1990, p. 2; A. Makunin, "Voyska vozvrashchayutsya," *Krasnaya zvezda*, March 3, 1990, p. 1; Scott McMichael, "Market Relations Threaten Combat-Readiness of Soviet Armed Forces," *Report on the USSR* 3 (October 18, 1991).

[63] Yazov, "Vysokaya otvetsvennost' ofitsera," *Krasnaya zvezda*, August 19, 1990, p. 2; Mikhail S. Gorbachev, "Ukaz Prezident SSSR" *Krasnaya zvezda*, September 6, 1990, p. 1; "Armiyu ne otdelit' " (fn. 53); Stephen Foye, "Rhetoric from the Past: The First All-Army Party Conference," *Report on the USSR* 3 (April 19, 1991).

[64] A. Davydov, "Official Discusses Aims and Tasks of Shield," FBIS-SOV, October 31, 1989, p. 89 (from *Izvestiya*, October 25, 1989, p. 3); K. Shakhnovich, "New Union to Provide Social Aid to Servicemen," FBIS-SOV, October 25, 1989, pp. 103–4 (from Moscow Domestic Service, October 21, 1989).

[65] The sharpest clash over responsibility for living conditions was "Armiya nuzhdayetsya v zashchite: Ot kogo?" *Komsomolskaya pravda*, July 4, 1990, p. 2; and "Tak li nado 'zashchishchat' armiyu?" *Krasnaya zvezda*, July 12, 1990, p. 4. Shield is criticized in A. Yurkin, "Mikrofon vse sterpit?" *Krasnaya zvezda*, February 13, 1990, p. 4; V. Zhitarenko, " 'Shchitu' nuzhny novyye mechenostsy," *Krasnaya zvezda*, December 23, 1990, p. 3. The military leadership tried to preempt Shield by forming its own union; see "Proyekt Ustav Federatsii profsoyuzov rabochikh i sluzhashchikh Vooruzhennykh Sil SSSR," *Krasnaya zvezda*, August 2, 1990, p. 2.

[66] This was evident in Gorbachev's meeting with military deputies; see "Armiyu ne otdelit' " (fn. 53).

[67] This was evident in the Baltic republics. See A. Plotnikov, "Vot tak 'fokus,' " *Krasnaya zvezda*, November 28, 1990, p. 3; "Zayavleniye voyennogo soveta," *Krasnaya zvezda*, December 20, 1990, p. 1.

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theless, these factors did not drive the military in any one political direction.

The military leadership worried that this process might factionalize the military and tried to counter it with two complementary approaches. First, it sought to isolate the military from new political currents, and second, it attempted to promulgate a conservative Russian nationalism.[68] Although it is difficult to determine the distribution of political views among the Soviet military, the evidence suggests that neither campaign was very effective.

To what extent did the MPA and the CPSU manage to maintain their influence in the military? A poll released by the MPA after the Twenty-eighth CPSU Congress reported that 60 percent of CPSU members in the officer corps said they would vote for the CPSU in a multiparty election. Since approximately 75 percent of Soviet officers were CPSU members, this suggests that at most 45 percent of Soviet military officers supported the CPSU. At the same time, large majorities of those polled favored fairly liberal positions on permitting factions within the CPSU and on the formation of independent republican communist parties.[69] These results indicate that while there was greater support for the CPSU among the officer corps than among the civilian population, it was not as high as might be expected from CPSU membership figures, and support for highly conservative CPSU policies was not strong.[70]

The best evidence on the mix of political views in the military comes from the Russian presidential election. The leading candidates, former Premier Nikolai Ryzhkov and Boris Yeltsin, both chose military officers as their vice presidential running mates, while the highly conservative Colonel General Albert Makashov ran as a presidential candidate. Thus, the military was well represented, and all of the candidates courted mil-

[68] See the articles by Karem Rash promoting Russian nationalism in *Voyenno-istoricheskiy zhurnal* nos. 2–5, 7–8 (1989) (summarized in Mikhail Tsypkin, "Karem Rash: An Ideologue of Military Power," *Report on the USSR* 2 [August 3, 1990], 8–11); Mark Galeotti, "The Soviet Army's New Interest in Imperial Traditions," *Report on the USSR* 2 (December 28, 1990). For MPA approval of this direction, see Aleksey D. Lizichev, "Meroy iskrennosti," *Literaturnaya Rossiya*, February 23, 1990, pp. 2–3.

[69] Because the survey was conducted by the MPA, it is far more likely to overstate support for the CPSU than to understate it. "Chto pokazalo anketirovaniye," *Krasnaya zvezda*, July 26, 1990, p. 4. On CPSU membership, see Nikolay I. Shlyaga, "Armiya ne mozhet byt' vne politiki," *Krasnaya zvezda*, July 5, 1990, p. 1. Another 15% of the most junior officers were Komsomol members. CPSU membership was relatively constant from the early 1970s, and while it dropped slightly in 1989, the trend was reversed in 1990. See Jones (fn. 32), 127; "Vooruzhennyye sily: partiynaya statistika," *Krasnaya zvezda*, February 7, 1991, p. 4; "V armii reyting KPSS ochen' vysok," *Krasnaya zvezda*, April 11, 1991, pp. 1–2.

[70] Roughly contemporaneous polls of the civilian population indicate a much lower level of support (4–20%) for the CPSU. See "Homo Sovieticus: A Rough Sketch," *Moscow News* 11 (1990), 11; *Economist*, October 20, 1990, p. 19.

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itary votes by visiting garrisons and pledging to improve living conditions for troops in Russia. Throughout the campaign the military press exhibited a noticeable bias in favor of Ryzhkov. It did not strongly support Makashov, even though he was a conservative military candidate.

The results of the RSFSR presidential election reveal a substantial split in military support for the candidates.[71] (See Table 1.) While the results are incomplete, they suggest that conservative sentiment was stronger (by some 20–30 percentage points) within the military than in neighboring civilian populations. But this support was primarily for Ryzhkov, a moderate conservative, rather than for the ultraconservative candidates Makashov and Zhirinovskiy (both of whom later supported the coup attempt). Moreover, despite military and MPA lobbying for Ryzhkov,

TABLE 1
RSFSR PRESIDENTIAL ELECTION VOTING RESULTS
(PERCENTAGE OF TOTAL VOTE)

Area[a]	*Yeltsin*	*Ryzhkov*	*Makashov*	*Zhirinovskiy*[b]	*Others*[c]
Kamchatka—all[d]	60	16.5			
Kamchatka—mil.	39.9	33.8	7.7	8.4	10.1
Samara[e]	>50		43		
Sverdlovsk—all[f]	>90				
Sverdlovsk—mil.	44.7	16.6	17.1	8.6	6.1
Severomorsk[g]	28.4	33.5	14.5		
Chita—all	36.5	32.3	10		
Chita—mil.	29.9	51.6			
Leningrad—mil.	26.9	38.5	7.5	10.6	7.2
Baltic fleet	27.5	32.4			
Russia, total	57.38	17.29	3.8	7.94	9.57

SOURCES: V. Urban, "Rossiya: vybor sdelan . . . ," *Krasnaya zvezda*, June 14, 1991, p. 1; T. Zamyatina, "Prezident RSFSR yudicheski izbran," *Krasnaya zvezda*, June 18, 1991, p. 1.

[a] The designation "all" refers to total votes in a mixed military/civilian district, and "mil." to the results from the military garrison or an area with a very high concentration of servicemen. These results were reported as preliminary but are probably good approximations of the final tallies. The figures may not total 100% due to rounding.

[b] V. Zhirinovskiy, a highly conservative candidate from the Liberal-Democratic Party.

[c] This category includes votes for Vadim Bakatin (a liberal) and A. Tuleyev (moderate, appealing to non-Russian voters).

[d] These figures are for the entire district.

[e] Makashov's home district.

[f] Yeltsin's home district.

[g] This report appears to be primarily from the Northern fleet.

[71] There is little evidence of vote fraud, but Makashov's showing in the Samara district may be the exception, for he won 95% of the vote in military construction units. Nevertheless, only 24–36% of the students in the local military school voted for him. See V. Urban, "Rossiya: vybor sdelan . . . ," *Krasnaya zvezda*, June 14, 1991, p. 1.

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support for Yeltsin remained fairly strong.[72] However, these results include both conscripts (perhaps as much as 70 percent of the total) and officers. Since the voting behavior of conscripts is probably similar to that of the general population, the conservative sentiment within the officer corps may have been substantially higher than indicated by these figures.[73] The overall picture, then, is of a moderately conservative military (Ryzhkov supporters) with a higher proportion of ultraconservatives (Makashov/Zhirinovskiy supporters) than is found in the civilian population. This is critical to understanding military behavior in the coup, for while a Ryzhkov supporter might not have supported the coup attempt, a Makashov or Zhirinovskiy supporter might well have done so.[74]

This split may have increased concern within the military leadership over the inroads being made by democratic forces in the military. Tensions rose further in July 1991, when Yeltsin called for the abolition of CPSU structures in the security forces, including the military.[75] Yeltsin in fact had no authority to ban the CPSU from the military; still, Yazov condemned the move, contending that it was a cover for a takeover by the democratic forces:

> It is impossible not to see how the current homegrown "democrats," together with national-separatists and extremists of different colors and shades, are striving to shatter and disperse the Armed Forces—an important foundation of statehood, stability, and security.[76]

In the days immediately preceding the coup attempt, the military was preoccupied with the threat of depoliticization, as well as with the possibility of a split within the CPSU led by the newly formed Movement for Democratic Reform (MDR).[77] This fear may have been exacerbated by the fact that the new Russian vice president, Aleksandr Rutskoy, was a popular junior officer and one of the founders of the MDR.[78]

[72] "Pro-Ryzhkov Publicity Ordered in Army District," FBIS-SOV, June 10, 1991, p. 60 (from *Komsomolskaya pravda*, June 6, 1991, p. 1). *Krasnaya zvezda* acceded to a "reader's request" to publish Ryzhkov's full program the day before the election; see "Bol' za Rossiyu dvizhet moim vyborom," *Krasnaya zvezda*, June 11, 1991, p. 2.

[73] One survey supports this surmise; see P. Ishchenko, "Kto, za kogo i pochemu," *Krasnaya zvezda*, May 25, 1991, p. 2. On increasing conservatism among higher-ranking officials, see Abrahamsson (fn. 8), 83, 87–92. See also Morris Janowitz, *The Professional Soldier* (Glencoe, Ill.: Free Press, 1960), 236–41.

[74] Zhirinovskiy had been calling for the imposition of emergency rule since December 1990. See *Radio Liberty Daily Report*, December 6, 1990.

[75] "Weekly Record of Events," *Report on the USSR* 3 (August 2, 1991). Vyacheslav Lukashevich, "Chem chert ne shutit, poka Bog S pit," *Kraznaya zvezda*, July 27, 1991, p. 1.

[76] Dmitriy T. Yazov, "Novyy impul's v rabote," *Krasnaya zvezda*, August 2, 1991, p. 1.

[77] See Nikolay I. Shlyaga, "Koordinaty sovmestnoy raboty," *Krasnaya zvezda*, August 15, 1991, p. 1; Mikhail S. Surkov, "Ukreplyat' yedinstvo partiynykh ryadov," *Krasnaya zvezda*, August 7, 1991, p. 2; "Obrashcheniye," *Krasnaya zvezda*, August 16, 1991, p. 1.

[78] "Za ob'yedininiye sil demokratii i reform," *Izvestiya*, July 2, 1991, p. 1. Rutskoi was

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The attempt of the military leadership to insulate the military from the effects of democratization and to inculcate a conservative Russian nationalism based on the Russian Communist Party leadership clearly failed. By the time of the coup the senior Soviet military presided over a moderately conservative, but not completely unified, officer corps and a politically liberal conscript army. While the officer corps clearly displayed a great deal of discontent and a high level of contempt for Gorbachev, it had not been effectively mobilized by conservative political or military leaders. Indeed, the discontent was directed not only against Gorbachev but also against the senior military leadership, which had proved itself incapable of addressing the concerns of the junior officer corps. Thus, despite its fairly high level of politicization, the officer corps was divided in its views and therefore not mobilizable at the national level. The military could not act as a coherent political force.

Regime Legitimacy and Authority

The objective model of civil-military relations presupposes a fundamental agreement between the military and civilian leaderships on the legitimacy of civilian rule and the effectiveness of civilian institutions.[79] In 1990–91, however, this agreement began to erode in the face of Gorbachev's failed policies and personal unpopularity.

Glasnost undermined the old Soviet state system's claim to legitimacy based on its revolutionary heritage and regime performance in ensuring the social equality.[80] And Gorbachev's policies did not create a strong new basis for regime legitimacy. His restructuring of the Soviet state system was largely implemented from the top down. Elections to the Congress of People's Deputies and the Supreme Soviet were not fully free and open, and Gorbachev avoided a direct election for the presidency of the USSR.[81] Gorbachev's reforms weakened the hold of the

promptly expelled from the CPSU for his role in the MDR. See *Radio Liberty Daily Report*, August 9, 1991.

[79] See Nordlinger (fn. 5), 63–66, 92–99; Finer (fn. 43), 20–22; Horowitz (fn. 35), 149–60, 171–78; John S. Ambler, *The French Army in Politics, 1945–1962* (n.p.: Ohio State University Press, 1966), 366–68. The importance of legitimacy in Soviet civil-military relations has also been noted by Kolkowicz (fn. 7, 1982), 118–19, 129–30; and Stephen Foye, "The Case for a Coup: Gorbachev or the Generals?" *Report on the USSR* 3 (January 11, 1991). Samuel Huntington incorporates the roles of regime legitimacy and stability within a broader context; see Huntington, *Political Order in Changing Societies* (New Haven: Yale University Press, 1968), 192–263, at 216.

[80] See Richard Lowenthal, "On 'Established' Communist Party Regimes," in Hoffmann and Laird (fn. 36), 785–807; Bialer (fn. 36), 127–205; George W. Breslauer, "On the Adaptability of Soviet Welfare-State Authoritarianism," in Hoffmann and Laird, 219–45.

[81] See Jeffrey W. Hahn, "Power to the Soviets?" *Problems of Communism* (January–February 1989); Max E. Mote, "Electing the USSR Congress of People's Deputies," *Problems of*

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CPSU on the economy and society, but without effectively transferring power to the central government. The split in powers between the state and party systems created a gap in power and authority that undermined the legitimacy of the central government: Gorbachev lost authority despite the increase in his formal powers.

Thus, public confidence in Gorbachev's authority and effectiveness—and in the government as a whole—declined rapidly during 1990 and 1991.[82] The public was generally positive about the work of the first Congress of People's Deputies (held in summer 1989), but by the Second Congress in December 1989 negative reactions outweighed positive ones.[83] By June 1991, 80 percent of the population reported that their trust in the Union leadership had declined, with 62 percent expressing distrust.[84]

Much of the decline in public confidence in government came in response to the failure of Gorbachev's economic and social policies. But the decline reflected more than a lack of confidence in his personal leadership. If authority is defined as legitimate influence, then the decline of both Gorbachev's authority and that of the state system signaled a loss of legitimacy of the entire state system.[85]

But rather than vanishing, legitimacy and authority were being transferred to representative governments at the local and republic level. The resulting "war of laws" between the Union and governments of the republics further undermined the authority of the Union government both before and during the coup. As Gorbachev's ratings declined, those of Yeltsin rose. Yeltsin's direct election therefore set the stage for a new form of objective control, one based upon recognition of a legitimate, popularly elected leader. Thus, a new system of loyalty and control was

Communism (November–December 1989); Dawn Mann and Julia Wishnevsky, "Composition of Congress of People's Deputies," *Report on the USSR* 1 (May 5, 1989).

[82] From March 1990 to June 1990 Gorbachev's rating as the most authoritative figure in the RSFSR dropped from 46% to 19%. His effectiveness rating declined from 3.5 to 3.1 (on a 5-point scale). Yeltsin's rating increased from 18% to 40%. Similar poll data are reported in the *Economist*, June 23, 1990, pp. 41–42. See Igor Yakovenko, "Reyting," *Dialog* 9 (1990), 28; Semen Lebedev and Igor Yakovenko, "Reyting," *Dialog* 11 (1990), 3. This low popularity continued in 1991; see *U.S. News and World Report*, April 8, 1991, pp. 38–39.

[83] Ya. Kapelyush, "S'yezd v otsenkakh izbirateley," *Ogonek* 34 (August 1989), 2–3; Kapelyush and Kinsbursky, "Congress of People's Deputies of the USSR: Has It Measured Up?" *Moscow News* 10 (July 23–30, 1989), 10; "Homo Sovieticus" (fn. 70), 11.

[84] "Poll Shows Diminished Public Trust in Leadership," FBIS-SOV, June 11, 1991, p. 54 (from Interfax, June 7, 1991). In a June 1990 survey negative ratings of the Council of Ministers and Supreme Soviet ranged up to 39% and 60%, respectively. See Igor Yakovenko, "Reyting," *Dialog* 10 (1990), 8. A March 1991 poll indicated support for the Pavlov government at only 13%, with a high level (41%) of doubt that economic reform could work in the current Union framework. See *U.S. News* (fn. 82), 38–39.

[85] Robert A. Dahl, *Modern Political Analysis*, 3d ed. (Englewood Cliffs, N.J.: Prentice-Hall, 1976), 60.

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emerging amid the ruins of the old system. The strength of this new development was not apparent, however, until the coup attempt.

The slow disintegration of central authority strained Soviet civil-military relations in several respects. First, as the central government became increasingly unable to exercise authority, the military began to view itself as the last powerful, centralizing force in the nation. The military leadership committed the military to the defense of the constitution and the "socialist choice" of 1917, implying that it would respond with force to any attempt to change the existing political structure.[86] While these threats were directed at Yeltsin and the democratic and nationalist movements, they also defined boundaries beyond which the Gorbachev government could not pass.[87]

Second, declining legitimacy apparently led the military leadership to believe that public resistance to military intervention would be minimal.[88] They may well have found confirmation for this belief in polls reporting that public regard for the military was very high, despite widespread criticism of the military in the press; one survey reported that it was more trusted than the church or any other institution.[89]

The decline in regime legitimacy thus provided both a motive and an opportunity for the coup. The coup leaders did not, however, take into account Yeltsin's popularity, nor did they consider the strong commitment to democratic rule that had developed within society and the military.

The Coup Attempt and Its Aftermath

The August 1991 coup was a turning point in the development of Soviet civil-military relations, as it marked the military's first, albeit ambivalent, intervention in Soviet politics. The form and outcome of the intervention reveal a great deal about both the nature and the failure of civilian control.

[86] See "Tak li nado . . ." (fn. 65), 4; Vladislav Achalov, "Znamen ne menyaem," *Krasnaya zvezda*, September 6, 1990, p. 1; I. Sidel'nikov, ". . . A teper' pugayut voyennym perevorotom," *Krasnaya zvezda*, October 4, 1990, p. 2; Viktor Alksnis, "Soyuz budet sokhranen," *Krasnaya zvezda*, December 31, 1990, p. 2; Moiseyev (fn. 40), 2.

[87] This identification of the military with constitutional order has been termed "guardianship" by Huntington, who notes its importance in contributing to military intervention. See Huntington (fn. 79), 226–28.

[88] Nordlinger (fn. 5), 93–95.

[89] "Army, Church Head Popularity Poll," FBIS-SOV, May 21, 1991, p. 46 (from Central Television, May 16, 1991); G. Andreyeva, "Reiting Armii vozrastet," *Krasnaya zvezda*, December 31, 1990, p. 2. For a less enthusiastic report on public perceptions, see "Poll on Attitudes toward Military Published," FBIS-SOV, September 17, 1990, pp. 72–73 (from *Moscow News* 36 [September 16–23 1990], 8–9).

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Military Participation in the Coup Attempt

In assessing the military's participation in the coup attempt, it must be kept in mind that the main impetus to intervene came not from within the military but from the KGB and the Interior Ministry, together with conservative groups within the CPSU. The question is thus to what extent the objective control system remained in place and to what extent it failed.

In retrospect, the events of summer 1991 seem to have led directly to the coup attempt. What is surprising, perhaps, is that a coup had not been attempted earlier.[90] Opposition to Gorbachev's leadership crystallized during the "constitutional coup" of June 1991, when Prime Minister Pavlov attempted to usurp many of Gorbachev's presidential powers. Defense Minister Yazov, as well as KGB chief Vladimir Kryuchkov and Interior Minister Boris Pugo, supported the move in a closed session of the Supreme Soviet. Yazov's speech reportedly emphasized worsening living conditions and the threat to unified command posed by the disintegrating draft process and the growing demand that conscripts serve only in their native republics. Despite Gorbachev's repeated denials of a plot, and his decisive defeat of the proposal, the attempt clearly indicated a high level of dissatisfaction among the leaders of the security forces.[91]

Many commentators have suggested that the August coup was timed to prevent the signing of the Union treaty. While that may have been the aim of the nonmilitary coup leaders, it seems unlikely that it was the primary reason for the participation of the military. As noted above, the military leadership had refrained from criticizing the Union treaty and may even have supported it. Yazov's decision to participate appears to have been based more on the ongoing threats to national unity and to professional autonomy.

To what extent was the military involved in the coup? Support for the coup among the senior leadership was mixed, as shown by the fact that nine of the seventeen members of the Defense Ministry collegium were replaced after the putsch.[92] Only Air Force Commander Shaposh-

[90] In September and October 1990 coup rumors started to spread, despite official denials of unusual troop movements. See A. Pankratov, "A kto-to podumal—ucheniya idut . . . ," *Komsomol'skaya Pravda*, September 26, 1990, p. 1; "Kryuchkov Addresses Session on Troop Movements," FBIS-SOV, September 25, 1990, pp. 38–39; Kevin P. O'Prey, "Anatomy of a Coup Scare," *Soviet Defense Notes* (January–February 1991), 1–8.

[91] *New York Times*, June 25, 1991; "Kryuchkov at Closed Supreme Soviet Sitting," FBIS-SOV, June 27, 1991, pp. 23–25 (from *Sovetskaya Rossiya*, June 27, 1991, p. 3); "Gorbachev Addresses Supreme Soviet June 21," FBIS-SOV, June 24, 1991, pp. 36–41 (from Radio Mayak, June 21, 1991). Two other coup plotters, Supreme Soviet chairman Lukyanov and Vice President Yanayev, were also involved in the June events, although in supporting roles.

[92] At least one of these officers was reportedly slated to retire before the coup attempt. See

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nikov and Colonel General Grachev, commander of airborne forces, took a firm stand against the plotters. Shaposhnikov reports that on the first day he contacted other members of the collegium, but that "from these conversations it became clear that I would have difficulty in finding allies."[93] Other military leaders apparently adopted a wait-and-see stance during the first two days of the coup. Their shift to opposition seems to have been prompted by the failure of the attempts by the State Committee for the State of Emergency (SCSE) to persuade the public that it was a legitimate institution. The inept performance of the coup leaders at their televised press conference and the clash between army troops and defenders of the Russian parliament buildings apparently convinced the senior military leadership that the attempt was not widely supported or tenable. Yeltsin's declaration that he was assuming control of military and security forces in Russia transferred control to a stronger base of authority. By Wednesday morning, August 21, a consensus on withdrawing the troops finally emerged within the Defense Ministry collegium.[94]

At lower levels of the military the picture is even more obscure. Only three military district commanders and two fleet commanders were relieved of duty in the wake of the coup.[95] But most commanders and officers were never forced to choose sides and could adopt a neutral stance until the winners became clear. One active opponent of the coup, Colonel General Novozhilov, commander of the Far East military district, reported that as much as half of his command supported the coup attempt, while the other half opposed it.[96] This may well have been an exaggeration, for both opponents and supporters of the coup appear to have been in the minority. The overall picture probably corresponds closely to the June election results; that is, moderate conservatives, perhaps the majority, were willing to acquiesce in the coup but were not

Stephen Foye, "Personnel Changes in the Soviet High Command," *Report on the USSR* 3 (September 27, 1991); idem, "Leading Plotters in the Armed Forces," *Report on the USSR* 3 (September 6, 1991); Mark Galeotti, "The Role of the Security Forces," *Report on the USSR* 3 (September 6, 1991).

[93] "Shaposhnikov Interviewed on Coup Attempt," FBIS-SOV, August 27, 1991, pp. 56–59 (from *Komsomolskaya pravda*, August 27, 1991, p. 3).

[94] See "Yazov Urged to Quit Committee," FBIS-SOV, August 23, 1991, pp. 61–62 (from *Komsomolskaya pravda*, August 22, 1991, p. 1).

[95] See Foye (fn. 92, September 27, 1991), 4–6. One of the dismissed commanders was Makashov. See "Makashov's Activity during Coup Reported," FBIS-SOV, September 5, 1991, pp. 52–53 (from *Izvestiya*, September 3, 1991, p. 8).

[96] "General Says Half of Army Backed Coup Attempt," FBIS-SOV, September 6, 1991, pp. 59–60 (from *Le Monde*, September 5, 1991, p. 5). In later comments, Novozhilov appears to have backed away from this assertion. See "Far East Troop Commander on Army Problems," FBIS-SOV, September 12, 1991, pp. 58–59 (from *Der Spiegel*, September 9, 1991, p. 178).

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willing to support it actively.[97] As General Novozhilov noted, "Even today, it is difficult to say that the Army supported the junta, or conversely, that it rallied to President Yeltsin. Reactions were diverse and often ambiguous."[98]

Against this backdrop of lukewarm military support, several factors determined the eventual withdrawal of military support from the coup leaders.

First, several leaders who supported the coup attempt did so reluctantly. By the second day even Yazov showed signs of regret over his role.[99] As a result in many cases local civilian leaders managed to convince military commanders not to deploy troops.[100]

Second, the coup's advocates were not concentrated in any particular service or branch. In several instances a commander supported the coup, but his deputy refused to carry out orders.[101] In this way there emerged a checkerboard pattern in which the distribution of coup supporters and opponents immobilized the military. The conscript nature of the army also appears to have impeded efforts to take military action. Draftees plucked from the streets just a few months earlier were not about to open fire on their compatriots, particularly when their commanding officers were unsure of their mission.

Third, the MPA proved ineffective. General Shlyaga and the MPA leadership were reportedly more willing to support the coup than was the regular military, but the MPA lacked the ability to push military commanders into action. In some cases MPA personnel acted independently to support the coup, but to little effect. For example, Colonel General

[97] This pattern was observable outside the military as well. Support for the coup plotters was reportedly widespread among RSFSR territorial governments, with only 30% of the local governments declaring their support for Yeltsin. See *Radio Liberty Daily Report*, October 24, 1991.

[98] "General Says Half of Army Backed Coup Attempt" (fn. 96), 60.

[99] Yevgeniy Shaposhnikov, "Shaposhnikov Interview Recounts Coup Attempt," FBIS-SOV, September 17, 1991, pp. 28–30 (from *Nezavisimaya gazeta*, September 12, 1991); "Shaposhnikov Interviewed on Coup Attempt" (fn. 93); and "Yazov's Involvement in Coup Attempt Explored," FBIS-SOV, August 27, 1991, pp. 56–59 (from *Komsomolskaya pravda*, August 27, 1991, p. 3). Moiseyev has repeatedly denied that he played any role in the coup. See "Moiseyev Defends Actions during Coup," FBIS-SOV, August 27, 1991, p. 60; "Documents Show Moiseyev Supporting Role in Coup," FBIS-SOV, August 28, 1991, pp. 65–66 (from *Izvestiya*, August 24, 1991, pp. 1, 3).

[100] This was the case with the Leningrad military commander; see *New York Times*, September 10, 1991.

[101] Thus, orders to the airborne forces from the Ministry of Defense were disregarded by their commander, Grachev. See General Grachev on Activity during Coup," FBIS-SOV, September 13, 1991, pp. 8–60 (from *Izvestiya*, September 5, 1991, p. 8). The planned KGB raid on Yeltsin was prevented in the same way; see "KGB Alpha Group's Action during Putsch Viewed," FBIS-SOV, September 4, 1991, pp. 32–34 (from *Rossiskaya gazeta*, August 28, 1991, p. 1).

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Novozhilov refused to recognize the SCSE, but his MPA deputy commander distributed SCSE documents.[102]

Fourth, the absence of any clear mission and of firm leadership at the top precluded success. Troops deployed in civilian areas simply fraternized with the population. There was no obvious enemy, nor was there a charismatic leader to muster forces around the coup.

After the coup a number of steps were taken to punish those who had participated and to prevent a recurrence; senior officers who opposed the coup were promoted to the top leadership positions.

The attitude of the new military leadership to the MPA was much closer to the views of junior officers. Rather than seeing the MPA as a means of preventing factionalism in the military, the new leadership saw it as a cause. The MPA was abolished after the coup attempt, with a new combat readiness and training directorate taking over many of its personnel and facilities.[103] Since the subjective control function of the MPA had not been very strong, its abolition was unlikely to cause any radical change in the political orientation of the military or in the dynamics of civilian control.

Personnel changes were also made. Although the new defense minister, Marshal Shaposhnikov, had promised that there would not be a witch-hunt, many senior officers were removed from their positions. This did not remove all conservative officers, however, as many had undoubtedly remained inactive during the coup. Shaposhnikov also endorsed the creation of a civilian Soviet defense ministry and called for greater professionalization of the officer corps. At the same time he failed to prohibit direct political participation—running for or holding office—by military personnel on active duty.[104]

The military has portrayed itself as a victim of the plotters. This is an oversimplification. The military, like society as a whole, reacted ambivalently to the coup and only gradually rallied against it.

Assessing the Coup Attempt

The analysis above indicates that the recent development of Soviet civil-military relations was not sui generis; rather it closely followed patterns

[102] "General Says Half of Army Backed Coup Attempt" (fn. 96).

[103] Approximately one-third of MPA personnel will be discharged, with a much higher proportion among general officers. Many will be retrained for new positions assisting commanders with personnel or will be assigned to the new combat readiness directorate. See R. Zadunayskiy, "Kontseptsiya reformy podgotovlena," *Krasnaya zvezda*, October 15, 1991, p. 2; idem, "Attestatsiya byvshikh politrabotnikov vysschego zvena," *Krasnaya zvezda*, October 11, 1991, p. 1.

[104] "Defense Minister Shaposhnikov Gives Interview," FBIS-SOV, September 10, 1991, pp. 39–40 (from Russian Television Network, September 9, 1991).

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observed in other countries. The combination of decreasing regime legitimacy, increasing threats to professional autonomy, and threats to national unity drives coups in very diverse polities.[105] But the Soviet Union also differed substantially from various nations in which successful military-backed coups have taken place. In contrast to many Latin American militaries, the Soviet military was still largely excluded from routine politics. Its scope of involvement had not expanded, and it was not routinely used in internal power plays or in rounding up political opponents; nor were there competing political factions or rival ethnic groups with close ties to different sections of the civilian leadership. The erosion of civil-military relations had not yet reached the point required for effective military intervention.

Military professionalism played a key role, albeit a dual one, creating both barriers to intervention and incentives for it. The professional focus on external security threats and the reluctance to engage in internal security missions played a significant role in the decision to withdraw support from the coup. Furthermore, although there were diverse political opinions in the military, they had not coalesced into active factions engaged in an open struggle for power. The military had become politicized but not factionalized. Professionalism thus raised the threshold for intervention by emphasizing the apolitical nature of the military. This is in striking contrast to the subjective model, which views the military as being inherently interventionist.

The objective model, with its strong emphasis on professionalism, captures much of the essence of Soviet civil-military relations, but it fails to consider the important differences between the military leadership and the junior officer corps. The leadership more closely identified with the conservative interests and values that were directly threatened by Gorbachev's reforms, and it lagged behind the junior officers in recognizing the growing importance of legitimation through democratic elections.

This gap between the leadership and junior officers was exacerbated by the lack of a direct and immediate threat to the military's corporate interests, which would have united it in favor of intervention. Neither the Union treaty nor Yeltsin's attempts to ban the Party from the military constituted such a threat. Indeed, many junior officers would have welcomed the latter move. Similarly, Gorbachev's reported plans to replace several military leaders after signing the treaty may have provided

[105] See Nordlinger (fn. 5), 63–98; William R. Thompson, *The Grievances of Military Coup-Makers* (Beverly Hills, Calif.: Sage, 1971); the cases examined in John S. Ambler (fn. 79); Edgar S. Furniss, Jr., *DeGaulle and the French Army: A Crisis in Civil-Military Relations* (New York: Twentieth Century Fund, 1964); and Horowitz (fn. 35).

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an impetus for the military leadership to act when it did, but this did not provide an incentive for lower-level officers and conscripts.[106] The mood in the country, though grim, had not reached a crisis point: the spark to ignite a full-scale intervention was absent.

The coup also revealed the impotence of the elements of subjective control; indeed, rather than prevent military intervention, in the end they tended to encourage it. Similarly, the role of the KGB as a final check on the military was obviated by the fact that its leadership was a leading instigator of the coup.[107] While it may be argued that a form of subjective control was at work, with the MPA and CPSU forcing the military to support continued CPSU rule, this seems to be stretching the interpretation of the model. The military leadership's interests in the coup were clear, and preservation of the CPSU was only a secondary one.

Finally, the coup marked a transfer of allegiance from the Soviet regime, which claimed authority based on its historical accomplishments and lineage, to a Russian regime legitimated by a democratic process. That this transfer was possible is due to the professional nature of the Soviet military and the principle of objective control. Yeltsin's newly acquired legitimacy largely determined the failure of the coup. Without this strong alternative source of legitimate civilian control, the coup attempt might have succeeded.

This analysis indicates that Soviet civil-military relations were less dependent upon personalities than most kremlinological approaches would suggest. Although individual actors played important roles in both the preparations for and the collapse of the coup, there was no one critical figure. Use of a more aggregate unit of analysis—corporate and professional, rather than personal, interests—allows one to discern broad trends and even to project them into the post-Soviet period.

Post-Soviet Civil-Military Relations

The August coup accelerated the very process that the plotters were trying to halt: the disintegration of the Soviet Union. In the wake of the coup republican leaders rushed to declare the independence of their states, and the Ukrainian vote for independence on December 1, 1991, sealed the fate of the Union. The formation of the Commonwealth of Independent States (CIS) a week later was an attempt to create a political

[106] "BBC Documentary Reveals More on Coup Attempt," FBIS-SOV, November 12, 1991, p. 19 (from Radio Mayak, November 11, 1991).

[107] The KGB was responsible for military counterintelligence. See Colton (fn. 11, 1979), 225–27; Amy Knight, "The KGB's Special Departments in the Soviet Armed Forces," *Orbis* (Summer 1984); idem, "The KGB and Civil-Military Relations," in Colton and Gustafson (fn. 11); Victor Suvorov, *The "Liberators"* (New York: Berkey, 1988), 182–84.

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structure that would incorporate the new states and provide a joint system for maintaining the armed forces.[108]

Confronted with the decision to create the CIS, the military leadership had to choose between Gorbachev and the Union or Yeltsin and the CIS. But Gorbachev's authority was even weaker than it had been before the coup, and Union-level institutions had lost their influence, authority, and financing. By December all of the legitimate authority, financial resources, and decision-making power lay in the former republics.

The new military leadership strongly opposed any disintegration or splintering of the military, and the CIS appeared to be the only way to maintain a unified military while allowing the former republics to maximize other aspects of their independence and statehood. After Yeltsin addressed the military leaders on December 11, promising increased pay as well as attention to military problems, the military endorsed the Commonwealth.[109] The transition to a form of objective control based on democratic legitimation, together with the fact that the Soviet officer corps is predominantly Russian, was a significant factor in the decision to support Yeltsin.

The initial hope that the CIS would provide a unifying structure has been disappointed. Whereas the CIS was a useful tool for destroying the remaining elements of the Soviet government, it could not prevent tensions from rising between Ukraine and Russia over ownership of the Black Sea fleet and other military forces in Ukraine. As of spring 1992 it appeared unlikely that the CIS would succeed in creating a unified military force or even a coalition military force incorporating all of the member states.

Soviet civil-military relations have therefore ceased to exist: how might post-Soviet civil-military relations evolve? The most salient feature of the new regime is that there is no longer a single civil-military interface; rather, there are several. Different types of relations are likely to emerge as the former republics take control of their national armies—just as the governmental structures and politics of the former republics will diverge. Furthermore, civil-military relations now have both internal and external components, as the former republics negotiate over control of the military.

[108] For an overview of the formation of the CIS, see Ann Sheehy, "Commonwealth of Independent States: An Uneasy Compromise," *RFE/RL Research Report* 1 (January 10, 1992), 1–5. For a discussion of military developments between the time of the coup and the formation of the CIS, see John W. R. Lepingwell, "Towards a Post-Soviet Army," *Orbis* (Winter 1992).

[109] "More on Yeltsin Address," FBIS-SOV, December 12, 1991, p. 26 (from *Izvestiya*, December 12, 1991, p. 1).

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Events are now unfolding so rapidly that specific predictions cannot be made. There are some general trends that have continued from the Soviet period, however, and it is possible to speculate about what their impact will be on the stability of Russian civil-military relations in the future.

The breakup of the former Soviet military into national forces poses the most immediate threat to civil-military stability. This threat engages the military's corporate interests directly and provides a unifying force: the uncertainty it engenders affects officers of all ranks, particularly junior officers. But it also has a divisive aspect, for many officers in Ukraine have taken the Ukrainian oath of allegiance.[110] This struggle for control is thus splitting the military along both geographical and political lines.

Even though the challenge to corporate interests is now even greater than under Gorbachev, there remain important barriers to intervention. Chief among these is the new military leadership, which was selected by Yeltsin as much as by Gorbachev, and which continues to support the Russian government. Yeltsin has made a point of endorsing the military's call for joint forces, and its claim to the Black Sea fleet.[111] Not only is the new military leadership less conservative, but it has also absorbed the lessons of the August coup concerning the difficulties and dangers of attempting to use military forces against the Russian population and its elected government. Indeed, any military intervention would more likely be aimed at the Ukrainian leadership, which has been the principal threat to military unity. But any such intervention to restore the old Union would require widespread repressive measures, including the suppression of armed groups throughout the former Soviet Union. This, in turn, could lead to confrontations and even fighting between forces loyal to central authorities and those loyal to regional authorities. The great danger that such a clash could occur is not lost on the military leadership and may have a strong deterrent effect. This does not mean that intervention is impossible, but these restraining factors may be sufficient to forestall intervention.

The culmination of this trend toward national armies was the March 1992 decision to create Russian armed forces, ostensibly in response to Ukraine's moves. This decision recognizes the impossibility of forging a joint Commonwealth military and will likely force the Central Asian states to create their own armed forces or conclude separate security arrangements with Russia.

[110] *Radio Liberty Daily Report*, January 22, 1992.

[111] See, e.g., "Yeltsin Address," FBIS-SOV, January 21, 1992, pp. 20–23 (from Moscow TV, January 17, 1992).

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Even if the immediate problem of dividing up the Soviet military can be solved, other, long-term problems will remain. In inheriting the bulk of the Soviet military, Russia will also inherit the attendant problems. The greatest threat to Russian civil-military relations is a process of "deprofessionalization" that would factionalize the military and lead it to expand the scope of its involvement in domestic politics. The military was only passively politicized during the Soviet period and never became an object of contention, or a direct participant, in political battles. This situation may change as the economy worsens, social unrest increases, Russian nationalism grows, and political movements vie for support. It is increasingly likely that political movements will appeal to the military to try to influence the balance of political power. If this dangerous trend is to be halted, the Russian government must take measures to reinforce military professionalism and civilian control.

First, it should move to disallow the participation of active-duty military personnel in legislatures, because such participation draws the military into politics, as military candidates try to mobilize military support for their candidacy. A move to restrict the participation of servicemen in legislatures would also help limit the participation of servicemen in political parties, which also threatens to politicize the military.

Second, it is necessary to create robust civilian institutions for oversight of the military. A defense ministry headed and staffed by civilians may be a valuable means of increasing civilian oversight. Parliamentary control over the military, in particular over the military budget, must also be extended, with greater attention to preventing any conflict of interest that could allow the military and military-industrial lobby to gain control of the oversight committee.[112]

Third, the merit-based promotion system must be maintained and strengthened, especially for senior officers. This is an important means of preventing increased factionalism and politicization at the highest levels of the military.[113]

Fourth, as the Ministry of Defense has recognized, the conditions of service must be upgraded, even at the expense of combat capabilities. It is essential that plans to improve living conditions be implemented, for

[112] This is what happened in the old Supreme Soviet; see Mikhail Tsypkin, "The Committee for Defense and State Security of the USSR Supreme Soviet," *Report on the USSR* 2 (May 11, 1990), 8–11. The analogous committee in the Russian Supreme Soviet is apparently faring no better; see Vladimir Lopatin, "Goskomitet RSFSR po oboronnym voprosam sushchestvuyet tol'ko na bumage," *Krasnaya zvezda*, October 18, 1991, p. 1.

[113] For a report indicating that there is increasing factionalization within the military leadership, see "Lopatin Views Status of Army Reform," FBIS-SOV, January 23, 1992, pp. 50–52 (from *Nezvisimaya gazeta*, January 7, 1992, p. 2).

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that will be a major factor in increasing the popularity and legitimacy of the Russian government among the officer corps.

Fifth, the increased participation of the armed forces in the civilian economy must be avoided. Even if living conditions are gradually improved, military units will have strong incentives to increase their income by selling their nonmilitary services. Scarce resources such as trucks, gasoline, cheap labor, and maintenance facilities could all be offered on the local market. While this may prove beneficial to the economy, it risks transforming officers into military entrepreneurs, drawing them into politics and corruption and away from their professional calling. This trend could be particularly pronounced in areas where the military base dominates the local economy. To forestall such an occurrence, the Russian government may have to move to divest the military of unnecessary assets and prevent direct military participation in the economy.

Sixth, special care will have to be taken to avoid the use of military forces for internal security missions. Priority must be given to resolving internal conflicts without resort to force. Where such conflicts cannot be controlled peacefully, it would be preferable to use separate internal security forces, even if such forces need to be expanded.

Finally, the identification of the Russian military with the Russian state has the potential to be very problematic. The re-creation of a sense of Russian patriotism will undoubtedly be a high priority for the new leadership, but it will have to be controlled so that it does not lead to support for the reestablishment of the Russian empire.

These measures would strengthen the system of civilian control by limiting the role of the Russian military, increasing its professional autonomy, and improving its material condition. While they cannot preclude greater military influence or even intervention, they may provide a basis for stable, democratic political control of the new Russian armed forces. They will be especially important during the next few years, for Yeltsin's economic reforms will produce extreme hardship and consequently a decline in public confidence in government.

There is, however, no indication that the Yeltsin government is moving to implement such restrictions on military participation in politics. One finds, instead, the reverse, as officers demand the decisive say over the fate of the military within the CIS.[114] While this issue directly affects the military, it is also a fundamental political issue in the structuring of the CIS. If in the past the military served the Soviet state, it is now de-

[114] "Vsearmeyskoye ofitserskoye sobraniye: strastnyy prizyv k blagorazumiyu politikov," *Krasnaya zvezda*, January 21, 1992, pp. 1–3; "Poll Results Noted," FBIS-SOV, January 21, 1992, pp. 24–25 (from Moscow TV, January 17, 1992).

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manding a direct role in creating its successor, a role that transcends the bounds of military policy. This indicates a potential for an expanded military role in the political process in Russia and the CIS.

Over the long term the stability of civilian control over the Russian military will depend (1) upon the development of a civilian government that can mediate between the powerful interests emerging in Russian society and (2) upon the development of a strong party system that can prevent the fractionation and disintegration of the political process. If such a government does not emerge, threats to governmental legitimacy and competition for political power could lead to the military assuming the role of a "moderator" or "guardian" adjudicating between political forces.[115] Thus, civilian control of the military is now tightly linked to the evolution of post-Soviet government and society and may well follow a tumultuous and uncertain path.

[115] See Nordlinger (fn. 5), 21–26; Alfred Stepan, *The Military in Politics: Changing Patterns in Brazil* (Princeton: Princeton University Press, 1971), 62–66.

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PEACE BETWEEN PARTICIPATORY POLITIES

A Cross-Cultural Test of the "Democracies Rarely Fight Each Other" Hypothesis

By CAROL R. EMBER, MELVIN EMBER, and BRUCE RUSSETT*

A theoretical tradition as old as Immanuel Kant's essay on perpetual peace asserts that democratic states are unlikely to fight each other. When democratic states were few and far between, the Kantian perspective had little practical import, and power politics reigned. But if the Kantian perspective is correct, recent trends in replacing authoritarian regimes with democratic values and institutions in many parts of Asia, Eastern Europe, and Latin America[1] may have profound implications not only for governmental practices within states but also for worldwide peace between states. It may be possible in part to supersede the "realist" principles (anarchy, the security dilemma of states) that have dominated practice to the exclusion of "liberal" or "idealist" principles since at least the seventeenth century.

Scholars of contemporary international relations are nearing consensus that democratically governed states rarely go to war with each other or even fight each other at low levels of lethal violence. This does not mean that there is anything like consensus on why the phenomenon occurs. Nor does it mean that democracies are more peaceful in general;

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[1] Documented worldwide as of 1988 by Raymond Gastil, *Freedom in the World: Political Rights and Civil Liberties, 1988–1989* (New York: Freedom House, 1989), and traced back to the eighteenth century by George Modelski, *Is America's Decline Inevitable?* (Wassenaar: Netherlands Institute for Advanced Study, 1988). See also Harvey Starr, "Democratic Dominoes: Diffusion Approaches to the Spread of Democracy," *Journal of Conflict Resolution* 35 (June 1991).

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on the contrary, democracies overall are about as likely to go to war with someone as are other kinds of polities. But as an empirical statement about dyadic relations, the proposition that democracies are generally at peace with each other is strongly supported.[2] The same cannot be said for relations between other kinds of political systems, for example, military or other dictatorships.[3]

We first briefly review the cross-national theory and research and then consider how cross-cultural anthropological data may be used to extend and test relevant hypotheses. We discuss our research strategy, our specific hypotheses and measures, and the empirical results, which do indeed support the argument that political units organized along participatory, nonauthoritarian principles are less likely to fight one another than are units not so organized.

I

Some scholars question the causal inference that democracies are peaceful in their relations with each other simply because they are democratic. Alternative hypotheses to explain the same phenomenon include the following:

1. The states in question are peaceful toward each other because they are bound by common ties in a network of institutions, including transnational ones. (Analysts may emphasize the role of the European Community, for example.)

[2] The literature on this topic is now very substantial. The first empirical reports were Dean Babst, "A Force for Peace," *Industrial Research* (April 1972); Peter Wallensteen, *Structure and War: On International Relations, 1820–1968* (Stockholm: Raben & Sjogren, 1973); and Melvin Small and J. David Singer, "The War-Proneness of Democratic Regimes," *Jerusalem Journal of International Relations* 1, no. 1 (1976). Early theoretical contributions, recent empirical reports, and reviews include R. J. Rummel, *Understanding Conflict and War*, vols. 2, 4, 5 (Los Angeles, Calif.: Sage, 1976, 1979, 1981); idem, "Libertarianism and International Violence," *Journal of Conflict Resolution* 27 (March 1983); Bruce Russett and Harvey Starr, *World Politics: The Menu for Choice* (New York: W. H. Freeman, 1981), chap. 15; Michael Doyle, "Kant, Liberal Legacies, and Foreign Affairs," Parts 1 and 2, *Philosophy and Public Affairs*, 12, nos. 3–4 (1983); idem, "Liberalism and World Politics," *American Political Science Review* 80, no. 4 (1986); Zeev Maoz and Nasrin Abdolali, "Regime Types and International Conflict," *Journal of Conflict Resolution* 33 (March 1989); Bruce Russett, *Controlling the Sword: The Democratic Governance of National Security* (Cambridge: Harvard University Press, 1990), chap. 5. For a general argument on the necessity for explaining war at the dyadic level, see Benjamin Most and Harvey Starr, *Inquiry, Logic, and International Politics* (Columbia: University of South Carolina Press, 1989).

[3] Spencer Weart, *Why Don't Democracies Fight One Another?* (forthcoming), suggests that certain types of oligarchies have rarely fought each other in various historical eras, but Zeev Maoz and Bruce Russett and Stuart A. Bremer find no evidence for this in the modern world. See Maoz and Russett, "Alliances, Distance, Wealth, and Political Stability: Is the Lack of Conflict among Democracies a Statistical Artifact?" *International Interactions* 17, no. 3 (1992); and Bremer, "Dangerous Dyads: Conditions Affecting the Likelihood of Interstate War, 1816–1965," *Journal of Conflict Resolution* 36 (June 1992).

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2. Most wars are fought between physically adjacent states, and until after World War II democracies tended to be relatively few and distant from one another.[4]

3. Many democracies have a shared interest in presenting a unified alliance front, as in NATO, against a common enemy (perhaps enhanced by an active policy of American hegemony as a peacekeeper within the alliance).[5]

4. Many democracies are politically stable, economically advanced, and rapidly growing. For such countries the cost/benefit ratio of any war fought on or near their home territories with another advanced state looks extraordinarily unpromising.[6] The disincentives would be magnified for highly interdependent economies, which would suffer even from destruction on each other's territory.

These alternative hypotheses are plausible, but counterexamples can be cited for each. Several studies have extended the empirical net into the century preceding 1945. Among the poor but democratic states in that period there still was no war, yet World War II is an obvious example of a war pitting advanced capitalist but not necessarily democratic states against each other. And the rarity of serious conflict between democratic states applies far beyond just those states bound together in the European Community. More important, recent studies have analyzed the incidence of wars and less-violent conflicts between states in the post-1945 era, with proper statistical controls to test many of the above alternative hypotheses. Even when controls for physical proximity, alliances, wealth, economic growth, and political stability are incorporated into the analysis, there still remains an independent explanatory role for democracy.[7] Nevertheless, the empirical relationship cannot be conclusive without a powerful theoretical explanation; nor is it clear how widely the relationship may apply in different historical and cultural contexts.

Several authors emphasize the presence of social diversity, perceptions of individual rights, overlapping group memberships, cross-pressures, shifting coalitions, expectations of limited government, and toleration of dissent by a presumably loyal opposition. According to this hypothesis,

[4] Samuel P. Huntington, "No Exit: The Errors of Endism," *National Interest* 17 (Fall 1989).

[5] Erich Weede, "Extended Deterrence by Superpower Alliance," *Journal of Conflict Resolution* 27 (June 1983). But Randolph Siverson and Juliann Emmons show that since 1920 democracies have been more likely to ally with one another *because* they were democratic. See Siverson and Emmons, "Birds of a Feather: Democratic Political Systems and Alliance Choices," *Journal of Conflict Resolution* 35 (June 1991). Bruce Bueno de Mesquita, *The War Trap* (New Haven: Yale University Press, 1981), and Maoz and Russett (fn. 3) show that in the modern world allies are actually more likely to fight each other than to fight nonallies.

[6] John Mueller, *Retreat from Doomsday: The Obsolescence of Major War* (New York: Basic Books, 1989).

[7] Maoz and Russett (fn. 3); idem, *Normative and Structural Causes of Democratic Peace, 1946–1986* (New Haven: Yale University International Security Program, 1992).

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the *culture, perceptions, and practices* that permit compromise and the peaceful resolution of conflicts without the threat of violence within countries come to apply to other democratic countries as well. In short, people in a democracy perceive themselves as autonomous, self-governing people who share norms of live and let live; they respect the right to self-determination of those others who are also perceived as self-governing and hence not easily led into aggressive foreign policies by a self-serving elite. The same structures and behaviors that are assumed to limit our aggression, both internally and externally, may be expected to limit similarly governed people in other polities. Even though all these images may rest on myth as well as on reality, they may operate as powerful restraints on violence between such systems.[8]

By contrast, these restraints do not apply when the two countries are governed according to very different norms and at least one of them is not democratic. The latter's leaders are seen as being in a permanent state of aggression against their own people and concomitantly also against foreigners. For example, the essence of cold war ideology on both sides was always that the United States (Soviet Union) had no quarrel with the Russian (American) people, but only with the atheistic communist (greedy capitalist) elites who repressed (exploited) them. Such a vision of the other people as not in self-governing control of their own destiny justified the hostile policy on each side.

An alternative explanation argues that *institutional constraints*—the structure of division of powers and of checks and balances—make it difficult for democratic leaders to move their countries into war. So long as this explanation focuses on the characteristics of single states, it cannot explain the consistent evidence that democracies are about as war-prone and disputatious in general (except toward other democracies) as are other kinds of states.[9] The argument is more persuasive when it becomes complex and strategic. Decision makers develop images of the government and public opinion of other countries. They regard some governments or peoples as reluctant to fight (doves) and others as belligerent (hawks). Leaders form these images on the basis of various cues: the past behavior of other leaders and countries in diplomatic or military disputes and the form of their government. If democratic leaders generally regard other democracies as doves (reluctant to fight, either because of institutional constraints or possibly because of the people's general aversion to war), they will not fear attack by another democracy. They will also know that the institutional constraints, and the need for public debate in

[8] Most of the authors cited in fn. 2 write predominantly from this perspective.
[9] Most recently Bremer (fn. 3); Maoz and Russett (fn. 3); and Maoz and Abdolali (fn. 2).

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the other democracy, will prevent a surprise attack and so eliminate their own incentives to launch a preemptive strike. Two democratic states—each constrained from going to war and anticipating the other to be similarly inhibited—are likely to settle their conflicts without resort to war.

Leaders of nondemocratic states may also anticipate that a democratic country will be slow to go to war. If they are themselves hawks, they may therefore be likely to threaten or bully a democracy to make concessions. But that in turn would raise the democracy's provocation and perhaps lead it to overcome its initial unwillingness to fight. Thus, the overall frequency of war participation by democracies is no different from that of nondemocratic states.[10]

A significant variant of the institutional approach focuses on transnationalism: individual autonomy and pluralism within democratic states fosters transnational linkages and institutions between individuals, private groups, and governmental agencies. These connections can then serve to resolve transnational conflicts peaceably and, if they lead to transnational alliances with other democracies, inhibit the various national governments from acting violently toward each other. This perspective derives from the classics of international integration theory and those of bureaucratic politics and foreign policy.[11]

These explanations overlap as well as compete. Some blur the boundary between cultural/perceptual explanations and institutional/structural ones. Many may be correct in part and contribute to peace between democracies; that phenomenon may well be overdetermined. Further elaboration of the theoretical arguments is necessary. So too is detailed em-

[10] Bruce Bueno de Mesquita and David Lalman present this institutional hypothesis and some confirming evidence; see Bueno de Mesquita and Lalman, *War and Reason* (New Haven: Yale University Press, 1992), chap. 5. The basic hypothesis goes back at least to Quincy Wright, *A Study of War* (Chicago: University of Chicago Press, 1942), 842–45. Harvey Starr develops the insight that democracy can serve as an indicator of dovishness; see Starr, "Democracy and War: Choice, Learning, and Security Communities," *Journal of Peace Research* 29 (1992). David Lake contends that democracies with wide franchises are inherently less imperialistic than are more autocratic states, and while they may fight to resist autarchies, the conjunction of two democracies with low imperialist drive makes them less likely to fight each other. See Lake, "Powerful Pacifists: Democratic States and War," *American Political Science Review* 86, no. 1 (1992). T. Clifton Morgan and Valerie Schwebach construct a measure of institutional constraints by which a few democracies are not highly constrained and some nondemocracies are. This allows a preliminary test of institutional versus perceptual constraints if one assumes the latter are found in all democracies and only in democracies. Collinearity between the two variables, however, makes their results inconclusive. See Morgan and Schwebach, "Take Two Democracies and Call Me in the Morning: A Prescription for Peace?" *International Interactions* 17, no. 3 (1992).

[11] See, e.g., Karl W. Deutsch et al., *Political Community and the North Atlantic Area* (Princeton: Princeton University Press, 1957); and I. M. Destler et al., *Managing an Alliance: The Politics of U.S.-Japanese Relations* (Washington, D.C.: Brookings Institution, 1976), esp. chap. 5.

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pirical work on the operation of institutions and the evolution of perceptions toward other countries, so as to assess the relative power of the institutional and perceptual theoretical approaches.

It is, however, also important to explore the outer limits of the empirical domain to which one can apply the proposition that democracies rarely fight each other. Thus, whereas all the above-cited empirical work employs a conventional definition of both war (across state boundaries with one thousand or more battle deaths) and democracy,[12] it is possible to consider very different empirical domains. One such is that of societies described in the ethnographic literature. These societies, traditionally the domain of anthropologists, are usually not politically unified.

Can the hypothesis advanced here help explain variation in warfare among all types of societies, not just modern nation-states? In Segall's terms, cross-cultural research "is an unparalleled research strategy for discovering what goes with what on the broadest possible canvass."[13] This approach raises serious methodological problems, however, because the domain is very different from the one in which the hypothesis was first generated. The test of that hypothesis in this domain will therefore be a tough, demanding one, with expectations tilted against finding any significant relationships of the sort we are seeking.

II

Cross-cultural research differs from cross-national research in a number of ways. To test the hypothesis on data from the ethnographic record, we therefore needed to reformulate it to fit that record. First, the unit of analysis is different. Cross-national research compares *countries*, each of which is politically unified at least in some formal respects. Cross-cultural research compares *societies*, each of which is a population that inhabits a more or less contiguous geographic area and speaks a language (or lingua franca) not normally understood by people in neighboring societies. Thus, in the modern world many countries or states contain more than one society in the anthropological sense. Nigeria is one such country, with scores of territorially based societies or language groups (for example, Hausa, Ibo, Yoruba).

[12] Melvin Small and J. David Singer, *Resort to Arms: International and Civil Wars, 1816–1980* (Los Angeles, Calif.: Sage, 1982). A good discussion of measurement issues for both democracy and war is Richard L. Merritt and Dina A. Zinnes, "Democracies and War," in Alex Inkeles, ed., *On Measuring Democracy: Its Consequences and Concomitants* (New Brunswick, N.J.: Transaction, 1991).

[13] Marshall H. Segall, "Aggression in Global Perspective: A Research Strategy," in Arnold P. Goldstein and Marshall H. Segall, eds., *Aggression in Global Perspective* (New York: Pergammon, 1983).

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A second difference between cross-cultural and cross-national research is implied by the first. A cross-cultural comparison, particularly one of worldwide dimensions, involves a range of societies more varied in the extent of their political development than are nation-states. Indeed, about half of the societies known to anthropology (at the time they were first described) had no political organization beyond the local community.[14]

Finding an adequate isomorphism between wars involving these societies and wars, external and internal, involving modern states is problematic. At one extreme, deadly violence within autonomous local political units like villages is clearly internal, corresponding to civil violence within a state. At the other extreme, a war between the ethnographic unit (society) as a whole and another society is clearly external, perhaps corresponding to modern interstate war. Between these extremes is warfare between the various and often independent local or small political units (for example, bands, villages, districts, with populations numbering at most in the hundreds or thousands) within the larger societal or ethnolinguistic unit. For societies not politically unified, or at best tenuously so, even "internal" war between the different autonomous political units can also be considered analogous to interstate warfare, or to warfare among Italian city-states or among the city-states in ancient Greece.[15] We shall look to this context to test the basic hypothesis about what kinds of political units fight each other. A subsequent report will examine the character of pairs of societies engaged in warfare at the clearly external end of the spectrum.

Finally, the terminology of *democratic* versus *nondemocratic*, problematic even when applied to modern states, is that much more so when used to describe the political process in the ethnographic record. We therefore rephrased our general hypothesis in terms of degree of political participation, largely using the framework and coding scales of Marc Ross.[16]

Our revised general hypothesis, then, is that political units with wider political participation engage in less warfare with one another than do less participatory political units, even when appropriate controls are introduced into the analysis. The ethnographic record usually shows that

[14] Percentage calculated from George P. Murdock, "Ethnographic Atlas: A Summary," *Ethnology* 6 (1967).

[15] For an analysis of the ancient Greek system, see Bruce Russett and William Antholis, "Democracies Rarely Fight Each Other? Evidence from the Peloponnesian War" (New Haven: International Security Program, Yale University, 1991).

[16] Marc H. Ross, "Political Decision-Making and Conflict: Additional Cross-Cultural Codes and Scales," *Ethnology* 22 (1983).

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political units that fight each other in internal warfare are similar with respect to degree of political participation, since they speak the same language and share the same culture.[17]

If our hypothesis is correct, we should find a low frequency of internal (within society) warfare when the political units have widespread political participation, whereas we would expect a high frequency of internal warfare when the political units within societies have little political participation. We test our hypothesis in three ways: (1) across all societies, whatever their level of political unification, (2) in societies with only local political organization (i.e., the communities are politically autonomous), and (3) in societies with multilocal political organization (districts, chiefdoms, and states). We assume that people in one autonomous political unit will know that people in other units are similarly organized—a perception generated by contacts between groups on such occasions as marriages and feasts and through trade.

III

Our data base began with the Murdock/White sample of mostly preindustrial societies. We decided to use this sample because the Embers had previously coded its 186 societies on overall frequency of war as well as on the separate frequencies of internal warfare and external warfare. We also planned to use Ross's codes on local political participation (available for about half the cases; our assistants coded the other half) and Tuden and Marshall's codes on multilocal political organization for the societies in the Murdock/White sample. We also added 51 cases not previously coded. These were randomly selected (using a table of random numbers) from the "Ethnographic Atlas: A Summary" and coded by us on warfare and political participation.[18]

By "warfare" we mean socially organized armed combat between members of different territorial units (communities or aggregates of communities). This operational definition, used in the Embers' previous

[17] When it comes to external war, however, we could not make that assumption. The units that fight each other in external warfare are by definition from different cultures, and we cannot assume that the "enemy" has the same degree of political participation.

[18] George P. Murdock and Douglas R. White, "Standard Cross-Cultural Sample," *Ethnology* 8 (1969); Ross (fn. 16); Arthur Tuden and Catherine Marshall, "Political Organization: Cross-Cultural Codes 4," in Herbert Barry III and Alice Schlegel, eds., *Cross-Cultural Samples and Codes* (Pittsburgh, Pa.: University of Pittsburgh Press, 1980), originally published in *Ethnology* 11 (1972); Murdock (fn. 14). The Murdock/White sample includes one well-described society from most of the two hundred cultural regions of the world. Murdock's atlas (fn. 14) is a much larger list of 862 mostly preindustrial societies. To facilitate the retrieval and coding of information on our sample cases, we used the Human Relations Area Files (HRAF) archive whenever possible.

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research on warfare in the ethnographic record,[19] is a much more expansive definition of war than that commonly used in the social-scientific international relations literature. But it is more appropriate for units that are much smaller and far less institutionalized than nation-states and that are armed at a much simpler level of lethal technology. Moreover, it is important to use a definition that picks up lower levels of violence than is characteristic of modern war, since our basic hypothesis is merely that participatory political units will be less likely to fight one another than are nonparticipatory units. This is not the same as the strong proposition sometimes asserted for modern nation-states that there will be no war between democracies. (It should also be noted that warfare in the societies depicted in the ethnographic record was often *proportionately* more lethal than modern warfare.)[20]

All the warfare variables were rated by at least two coders working independently.[21] Warfare was rated for a twenty-five-year period around the ethnographic present (from fifteen years before to ten years after the time referred to in the ethnographic record). We exclude cases that were pacified by an external society or had frequencies of warfare clearly diminished by external attempts at pacification.

We are concerned primarily with the levels and forms of participation at the local or face-to-face level: isolated small bands, neighborhoods of dispersed households, villages, or precincts of towns or cities. We chose to examine participation in decision making at the local level because such immediate, personal experience should be most relevant to individuals' perceptions of their own and other groups' political decision-making procedures.

For measures of local political participation we adapt the variables

[19] Melvin Ember and Carol R. Ember, "The Conditions Favoring Matrilocal versus Patrilocal Residence," *American Anthropologist* 73 (1971); Carol R. Ember and Melvin Ember, "Resource Unpredictability, Mistrust, and War: A Cross-Cultural Study," *Journal of Conflict Resolution* 36 (June 1992).

[20] Mervyn Meggitt, *Blood Is Their Argument: Warfare among the Mae Enga Tribesmen of the New Guinea Highlands* (Palo Alto, Calif.: Mayfield, 1977), 201.

[21] The scale ranged from 1 to 5, from less often than once in ten years to "constant," or occurring at any time of year. We exclude here any cases where the coders' initial ratings for internal warfare frequency were not close. By close we mean that one of the following situations applied: (1) The initial ratings did not disagree by more than one point on the five-point ordinal scale. (2) The initial ratings disagreed by more than one point but did not straddle the boundary between low and high frequency of war, which was predictive of various things in past studies (Ember and Ember [fn. 19, 1971]; Carol R. Ember, "Residential Variation among Hunter-Gatherers," *Behavior Science Research* 10 [1975]; idem, "Men's Fear of Sex with Women: A Cross-Cultural Study," *Sex Roles* 4 [1978]), i.e., warfare at least once every two years (high) versus less often (low). (3) One of the first two coders said "don't know" and the third coder's rating was "close" (as defined above) to the other initial coder's rating.

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coded by Ross that clustered together most strongly on a factor he labels "concentration of political power."[22] These include: (1) checks on leaders' power (Ross's variable 6); (2) ease of removing leaders from power (variable 7); (3) degree to which leaders must consult or persuade (variable 8); and (4) importance of decision-making bodies versus an individual leader (variable 9). (The definitions of these variables appear in the appendix.) In addition, Ross provided some clarifications of his coding rules and suggested (in a personal communication) that we also use extensiveness of adult political involvement (his variable 11); it loads less highly in his factor analysis but includes another dimension about how extensively adults participate in decisions. In a recent analysis Ross used just variable 11 (involvement) as his measure of political participation and variable 10 as his measure of range of decision making.[23]

For modern states, democracy (or polyarchy, following Dahl)[24] is usually identified with a voting franchise for a substantial fraction of citizens (all citizens in the late twentieth century), contested elections, and an executive either popularly elected or responsible to an elected legislature, often also with requirements for civil liberties such as free speech. By contrast, Ross's variables can be seen as appropriate to conditions in which formal elections rarely occur and in which there may not be any full-time political officials.[25]

The substantive meaning of our codings in the context of these societies will be clearer in the discussion of cases below. Institutional constraints at the local level of such systems are not likely to be very strong, but variables 6 (checks on power), 8 (need for consultation), and 9 (formal decision-making bodies) should tap what is there. Variables 7 (removal, especially toward the end of the scale where formal leaders may be ignored) and 11 (extent of participation) may be better suited to test the effect of perceptions of informal control and widespread involvement in decision making. Variable 11 approximates the modern requirement for a wide franchise. Variables 6 and 8 are related to the requirement for a responsible executive, and variables 7 and 9 to that for contested elections. As with the theoretical arguments in the international literature that generated them, assignment of a particular measure to one require-

[22] Marc H. Ross, "Socioeconomic Complexity, Socialization, and Political Differentiation: A Cross-Cultural Study," *Ethos* 9 (1981).

[23] Marc H. Ross, "Political Organization and Political Participation: Exit, Voice, and Loyalty in Preindustrial Societies," *Comparative Politics* 21, no. 1 (1988).

[24] Robert A. Dahl, *Polyarchy: Participation and Opposition* (New Haven: Yale University Press, 1971).

[25] Unpublished data by Melvin Ember show that few of these societies have full-time public officials.

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ment rather than to another is nonetheless somewhat arbitrary.[26] Given that ambiguity, and the weakness of institutions in general for these societies, our effort to measure the explanatory power of participation overall will be more satisfactory than any attempt to distinguish the relative explanatory power of institutions versus perceptions.

The criteria for participation may seem stringent—at least at the most participatory end of each scale—measured against criteria appropriate to modern states. But since the majority of these political units are small, without the institutions of a modern state, participation in any recognizable form therefore has to be seen in terms of continuing involvement in decision making; delegation of authority to representatives elected every few years is simply not a meaningful category. Again the democratic Greek city-state, with its assembly of the citizenry approving all broad policy initiatives in free debate, provides a relevant analogy.

Because Ross did not code all the cases in the Murdock/White sample and we wanted to expand the sample substantially, we trained two assistants in his coding procedures by recoding 10 percent of his sample cases. When we were reasonably sure that we understood his procedures, we coded local political participation for all the remaining nonpacified cases in the Murdock/White sample that had been rated reliably on internal warfare frequency in the Embers' previous research on warfare. We then coded political participation and warfare for the additional cases randomly selected from Murdock.[27]

In the course of preliminary analysis, with only half of our total sample, we decided that two more factors coded by Ross were important: number of decisions made at the local level (Ross's variable 10) and ab-

[26] In this context we mean something less than formal organizations but probably more than the "stable, valued, recurring patterns of behavior" of Samuel P. Huntington's definition of institutions; see Huntington, *Political Order in Changing Societies* (New Haven: Yale University Press, 1968), 12. James March and Johan Olsen say that to be identified as a political actor an institution must have a claim of "coherence and authority"; see March and Olsen, "The New Institutionalism: Organizational Factors in Political Life," *American Political Science Review* 78, no. 3 (1984), 738. Variable 9 (decision-making bodies) most clearly fits, with 6 (checks) and 8 (consultation) relevant to our concern for regularized checks and balances. Variable 7 (removal of leaders) explicitly invokes institutions at the level of the 2 code, but higher levels of restraint depend, appropriately, on norms and perceptions.

[27] Murdock (fn. 14). Coding was initially done independently by two trained assistants. Differences in coding exceeding one scale point were discussed by the two coders, typically in conjunction with the third author (on political participation) and the first author (on warfare). If it was apparent that one coder had missed relevant information or had misinterpreted the coding rules, that coder changed her/his rating; sometimes the coders reached a compromise. Where the original codings were more than one point apart and the coders could not reconcile the discrepancy, the case was omitted from the analysis; where the discrepancy was one point or less, the computations were performed using the midpoint between the two codings. The assistants did not know our hypotheses; the third author had no knowledge of the frequency of warfare in the societies.

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sence of fission as a result of conflicts (variable 30). The case of the Yanomamo Indians ("the fierce people") on the Brazil-Venezuela border illustrates the importance of these two variables. As most anthropologists know, the Yanomamo—at least the subgroup described by Chagnon,[28] the place and time reported in the Murdock/White sample—engage in a great deal of warfare between villages; and fights within villages erupt often, too. Yet they seem quite "participatory." The functions of leaders are described as few and ill-defined. Leaders lose power when support diminishes, so there are checks on their powers. A leader's decisions are not presented to the community as commands; he cannot force anyone to do anything but, rather, must rely on the power of example and persuasion. Decisions are often made by the community at large, with the leader then initiating activities that the entire group has already decided to undertake. The Yanomamo therefore look like a strong exception to our hypothesis.

We realized, however, that the picture needed to be qualified. The Yanomamo villages frequently fission; that is, they split apart when there is a dispute. If people are forced out of (or flee) a local group following a "political" dispute, members of such a culture cannot be said to "agree to disagree." (Agreement to disagree—tolerance of continuing dissent by a "loyal opposition"—is a major feature of a democratic system.) Conflict in a democratic system is settled less by avoidance or aggression than by accepting, though not necessarily approving of, different points of view: voice rather than exit.[29] Thus, we adapted Ross's fission variable (variable 30), with imprisonment (rare in these systems) or voluntary exile (more common) following political disputes counted as fission.

We also realized that the Yanomamo make relatively few collective decisions aside from war. If the opportunity to participate in decision making rarely occurs, people can hardly learn to generalize from the experience of peaceful conflict resolution. That is, the other political participation variables would probably not have the expected effect if a local group makes only a minimal number of collective decisions. (The Yanomamo, however, turn out not to be as minimal in decision making as are some other peoples.) Thus, we used Ross's variable of range of decision making (variable 10) to eliminate as nonparticipatory those societies

[28] Napoleon Alphonseau Chagnon, "Yanomamo Warfare, Social Organization and Marriage Alliances" (Ph.D. diss., University of Michigan, Ann Arbor, 1966); and idem, *Yanomamo: The Fierce People* (New York: Holt Rinehart, 1968).

[29] Albert O. Hirschman, *Exit, Voice, and Loyalty* (Cambridge: Harvard University Press, 1970). In a personal communication Spencer Weart has indicated that fission/exile is a clear indication of the breakdown of dissent in ostensibly democratic societies that sometimes do fight each other.

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in which there was minimal collective decision making (coded 4) that affected people's lives. In terms of the theories about democracy discussed earlier, the "fission" and "range" variables also perhaps apply better to "perceptual" than to "institutional" explanations. (The definitions for these two additional variables also appear in the appendix.)

In relations between modern states, individuals (whether among the general public or in leadership roles) must continually make inferences about the preferences and motivations of the leaders who make decisions for other states. Poor information, secrecy, and cultural and linguistic differences make it very difficult to discern those preferences directly. As a result, individuals in large part adduce those preferences from the better-known preferences of people physically and socially closer and with whom they are more immediately interdependent. Individuals may therefore attribute to distant actors preferences derived from social and political relations, in diminishing degree through concentric circles beginning with family and moving outward through neighborhood, workplace, city, and nation. If more proximate relations manifest substantial degrees of participation and peaceful conflict resolution, one may impute similar behavior and motivations to those more distant. By contrast, if those closer relations are nasty, brutish, or anarchic, one is likely to expect similar behavior from more distant social or political units.[30]

If attributions of preferences and motivation to distant actors are in large part socially learned from more proximate relationships, then our measurement of political behavior in the smallest territorial unit (band, neighborhood, village) is the most relevant. Some of these societies indeed have no higher level of political organization. Others do, and about half of them manifest some kind of multilocal political organization that extends beyond the immediate community (but usually not to the entire society). This multilocal political organization may also influence the preferences attributed to others within the society (with whom one may

[30] Images of a divinity are seen through a glass most darkly, if at all. Hence those images would seem to derive from immediate relationships. Where socialization in the first years of life is strict and punitive, such behavior is typically imputed to the supernatural. Similarly, images of political jurisdiction in the supernatural world tend to parallel those in political jurisdictions above the family. See William Lambert, Leigh Triandis, and Margery Wolf, "Some Correlates of Beliefs in the Malevolence and Benevolence of Supernatural Beings: A Cross-Cultural Study," *Journal of Abnormal and Social Psychology* 58 (1959); and Guy E. Swanson, *The Birth of the Gods* (Ann Arbor: University of Michigan Press, 1969). In international relations, Alexander Wendt argues that beliefs about whether other states will behave according to the principles of realist anarchy are socially constructed, but he attends to learning from behavior in the interstate system rather than from domestic politics. See Wendt, "Anarchy Is What States Make of It," *International Organization* 46 (1992). For evidence that evaluations of domestic politics strongly influence orientations toward behavior internationally, see David Lumsdaine, *Ideals and Interests: The Foreign Aid Regime, 1949–1986* (Princeton: Princeton University Press, 1992).

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engage in war "internal" to the society). But the influence should be weaker than that derived from patterns of behavior closer to home. Consequently we also need to measure participation within the wider institutions, while hypothesizing a weaker effect on the frequency of internal war.

Decision making at the multilocal level is usually more delegated, indirect, and specialized than it is in small local units. Thus, a different set of coding rules is required. We constructed an ordinal scale using three different structural variables from Tuden and Marshall; these concern the executive, the selection of the executive, and deliberative and consultative bodies. When we started to code cases, however, we and our assistants were often unable to replicate all of Tuden and Marshall's distinctions. Accordingly, we developed a simplified coding scheme that combines many categories along an ordinal scale (see the appendix). The condensed coding eliminated the most problematic categorical distinctions, yet was adequate to our theoretical purposes, which emphasize structural constraints in the presence or absence of checks and balances and division of powers. At the most participatory end of the scale are systems with an authoritative deliberative body and/or wide-franchise elections.[31]

In analyzing the effect of decision-making procedures on war frequency, we are concerned only with peacetime decision making at the local level except for our final analysis of those societies that have a multilocal level of authority. We restrict ourselves to peacetime decision making because most societies become more hierarchical in wartime (and some societies, such as the Yanomamo, make few decisions as a group except to initiate or conduct a war).

In testing our hypothesis, we need to control for two influences related to the frequency of internal war. One is societal size, since warfare is predominantly external in small populations.[32] We transformed population to a logarithmic scale for the analysis, expecting a declining marginal effect at the high end of the population scale. Second, certain geographic conditions, notably location on an isolated island or islands with no other language groups, make external war very unlikely and thus may increase the likelihood of internal warfare in the absence of external enemies against whom to divert aggression.[33] We therefore constructed a dummy

[31] Tuden and Marshall (fn. 18).

[32] See Carol Ember for earlier work linking type of war to population size; Ember, "An Evaluation of Alternative Theories of Matrilocal versus Patrilocal Residence," *Behavior Science Research* 9 (1974).

[33] Ibid. On externalization in modern states, see Jack Levy, "The Diversionary Theory of

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variable for societies located on an island or a series of islands with no other society within fifty miles. Use of these controls allows us to focus on the independent contribution of the political variables.

We did not use variable 10 (range of decision making) directly in the multivariate analysis below; rather, we used it to remove from the analysis those societies in which very few collective decisions were made (coded 4 originally). Since there was no linear bivariate relationship between internal war and variable 9 (decision-making bodies), we dropped it from the multivariate analysis.

Missing data were a serious problem; it simply was not possible to code many of the variables from the fragmentary ethnographic materials available. Since different variables were missing for different societies, the result sharply reduced the sample available for multivariate analysis. More seriously, ethnographic material uses different vocabularies and is gathered for purposes very different from ours and certainly not with our analytical categories in mind. This information, produced by professional anthropologists or other ethnographic observers, was typically compiled decades and occasionally even centuries ago; it often describes societies that no longer exist as they did when observed. The imprecision of this material invites coding ambiguities and introduces error into the data set. Insofar as that error is essentially random—as we believe it is—it reduces the likelihood that we will find strong empirical relationships in the data. That we do find strong relationships is thus all the more surprising.[34]

IV

Although many of our measures are ordinal, we employ them as interval measures in our analysis, which allows us to use more powerful and versatile multivariate techniques.[35] We chose multiple regression analysis because it allows us not only to evaluate how much of the variance in internal warfare frequency we are explaining but also to evaluate whether each explanatory variable is an independent and significant predictor when we control for the effect of all other explanatory variables.

Table 1 shows, in column 1, the basic analysis for all 37 cases on which we have complete data. All but one of the variables (6, checks on leaders'

War: A Critique," in Manus Midlarsky, ed., *Handbook of War Studies* (Boston: Unwin Hyman, 1989).

[34] The complete data set will be published separately by the authors in *Behavior Science Research*.

[35] Sanford Labovitz, "The Assignment of Numbers to Rank Order Categories," *American Sociological Review* 35 (1970).

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TABLE 1
EXPLAINING FREQUENCY OF INTERNAL WARFARE

	All Societies				*Local-Level Polities Only*		*Polities with Multilocal Authority*			
	(1) All with Data		*(2) Omitting Outlier*		*(3)*		*(4) All with Data*		*(5) Omitting Outlier*	
	Std. Coef.	*P =*	*Std. Coef.*	*P =*	*Std. Coef.*	*P =*	*Std. Coef.*	*P =*	*Std. Coef.*	*P =*
Constant	.000	.354	.000	.379	.000	.448	.000	.247	.000	.452
Population	.522	.000	.634	.000	.656	.001	.541	.036	.767	.006
Island	.492	.001	.513	.000	.396	.019	.620	.028	.805	.006
Checks on power (6)	.023	.458	−.018	.464	−.310	.124	−.116	.384	−.007	.491
Removal of leaders (7)	−.482	.002	−.470	.001	−.367	.048	−.533	.029	−.622	.009
Consultation (8)[a]	.553	.012	.552	.003	.664	.071	.400	.209	.474	.095
Extent of participation (11)	−.476	.006	−.366	.015	−.184	.284	−.395	.169	−.534	.066
Absence of fission (30)	−.619	.000	−.643	.000	−.590	.005	−.663	.008	−.778	.002
Multilocal part.							−.350	.094	−.163	.213
	R^2 = .60		R^2 = .68		R^2 = .74		R^2 = .78		R^2 = .87	
	n = 37		n = 36		n = 20		n = 16		n = 15	
	p = .000		p = .000		p = .009		p = .080		p = .033	

[a] p value with two-tailed test; all other coefficients with one-tailed tests. One polity was not codable on the multilocal scale.

power) are highly significant predictors of high internal warfare, using a one-tailed level of significance (except for variable 8, consultation; see below). Although the sample size is considerably smaller than our original sample, because of missing, unreliable, or inapplicable data, the regression coefficients nevertheless are generally strong and highly significant. (The R^2 is .60, indicating that these variables account for three-fifths of the variance in internal warfare.)

As expected, the controls for total population and island are important, in the expected direction.[36] But so too are three of the five political variables that we retained; these exert a strong effect independent of the controls. The coefficients for the three political variables that are significant in the hypothesized direction (variables 7, 11, 30) have a combined weight of -1.577, accounting for more variance than the controls do. (The two controls have a combined weight of 1.014.)

The distinctions between our perceptual and institutional variables are not sharp enough to provide a strong test of the two competing explanations, but there is nevertheless some basis for comparison. All three significant variables are perceptual ones as characterized above: ease of removal of leaders (7), extensivity of participation (11), and political fission (30). The institutional variables do much less well. One (6, checks on power) has close to a zero coefficient, and one (8, consultation) is statistically significant but in the opposite direction from what we expected (which is why we apply a two-tailed test of significance to it).

Careful examination of the residuals showed that one case was a statistical outlier; to be sure the outlier was not unduly responsible for the explanatory power of the political variables, we reestimated the equation without it. Column 2 of the table shows those results. The earlier pattern is essentially unchanged, except that an even larger proportion of the variance is explained and most of the previously significant variables become even more significant.[37]

Column 3 repeats the analysis for those societies that have only local-

[36] Another analysis also included a control for patrilocal residence (the pattern whereby a couple lives with or near the husband's parents). Ember and Ember (fn. 19, 1971) contend that residence is a consequence of war, but others consider it a cause because it is an indicator of fraternal interest groups, which are presumed to increase the likelihood of internal war. See, e.g., Keith Otterbein and Charlotte Otterbein, "An Eye for an Eye, a Tooth for a Tooth: A Cross-Cultural Study of Feuding," *American Anthropologist* 67 (1965); and William Divale, "Migration, External Warfare, and Matrilocal Residence," *Behavior Science Research* 9 (1974). When included with the above variables, patrilocal residence proved far from significant, partly because, as Carol Ember (fn. 32) has shown, matrilocal societies tend to be significantly smaller than patrilocal ones, and so residence and population are collinear. The analysis also suggests that residence is collinear with a few of the participation variables.

[37] Standard procedure is to show both equations, with and without outliers. See Michael Lewis-Beck, *Applied Regression: An Introduction* (Newbury Park, Calif.: Sage, 1980), 40.

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level political organization. By doing so we eliminate the possibility that a multilocal organization might take a markedly more or less participatory form than might one at the local level, which could send confusing signals about degree of participation. It is also quite possible that multilocal authority serves in part to pacify local war-making proclivities. What we see in these relatively "pure" cases is that most of the previous results are basically repeated with even more variance accounted for (though generally less significantly, perhaps because of the small sample size). Removal of leaders and absence of fission remain strong, and checks on power (6) becomes stronger, in the expected direction. Overall, the results are very robust.

Finally, in columns 4 and 5 we look at the effect of multilocal political participation, along with the effects of the other variables. Political organization exists at the multilocal level for fewer than half of our cases. The total variance accounted for is again high. The signs for the coefficients are the same as in column 3. Variables 7 (removal of leaders) and 30 (fission) remain highly significant. The multilocal participation scale, which crudely identifies the existence of political institutions to check leaders' power, is significant in column 5 at the 10 percent level. This is not an unreasonable level when working with such a small sample; moreover, we hypothesized that the influence of experience at the (higher) multilocal level would be weaker than at the local level. By our measure, at least, participatory institutions at higher levels of political organization may make some contribution to reducing the frequency of internal warfare, but—especially without the outlier (column 5)—that effect is weak.

The unexpected result for variable 8 (consultation) demands attention. At first we thought it might be due to multicollinearity among the variables, since several are related conceptually, and 6, 7, and 8 all clustered together in Ross's analysis.[38] Multicollinearity might also account for the failure of variable 6 to be significant earlier. Accordingly, we redid the initial analysis three times, each time dropping one of the possibly collinear variables. The effect was not substantial. It failed to produce a consistent relationship between variable 6 and war, and it made no material difference in columns 1 or 2 for the other two variables. Multicollinearity does not explain why variable 8 always has a reversed effect.[39]

[38] Ross (fn. 22).

[39] When either variable 6 or variable 11 was dropped, variable 8 retained its previous sign and approximate significance level; the same occurred for variable 11 when either 6 or 8 was dropped. Variable 6 was more unstable: weakly significant with a positive sign in the absence of 8; weakly significant with a negative sign in the absence of 11.

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In bivariate correlations all three are related, but rather weakly, to internal war frequency, in the anticipated direction. This is true even of variable 8 (but far from significantly). Yet in the coding of variable 8, a low score does not mean that the leader was chosen "undemocratically"; it means only that he does not consult widely when making decisions. In a multivariate analysis once the effects of the other political variables are extracted, what seems to be left is how much authority the leader has to make decisions. Category 3 for that variable (uses persuasion instead of exercising authority), which we originally interpreted as the most "democratic," may instead reflect a lack of legitimacy for the leader, *or the lack of stable authority in the political system*. If so, the process of vying for leadership in an unstable system may not lead to peaceful resolution of conflict at the local level and may even make aggression against other low-level units in the society more likely.[40]

This interpretation makes sense in the context of the Yanomamo case. Leadership, in the form of village "big men," is determined by "personal courage, fierceness, the ability to be outraged by even the slightest insult, marksmanship, diplomacy in trading . . . and the defense of group members who get into difficulties with other village members."[41] The leader lacks any stable authority. He must keep the backing of the villagers, for without it, he will lose influence, even if he is not formally removed. There is no agreement to disagree, and instead villages often split following disputes. Furthermore, leadership positions are achieved and bolstered in large part by violence (this is not coded by our variables). It is difficult to imagine how people could learn to resolve conflicts peacefully within the community, much less between communities, in this set of circumstances.

Some might think that the negative relation of participation to internal warfare might be an indirect consequence of favorable external circumstances; that is, the absence of external warfare might permit these societies to be less authoritarian (more participatory) and thus more peaceful internally. This is the obverse of Tilly's well-known formulation that "the state makes war, and war makes the state," but without implying that the war-induced state necessarily suppresses internal warfare.[42] To check it we used information on the frequency with which

[40] In the contemporary international system, see Maoz and Russett (fn. 3), who find that stable democratic systems are more likely to be peaceable toward other democracies than are unstable ones.

[41] Chagnon (fn. 28, 1966), 44.

[42] Charles Tilly, *Coercion, Capital, and European States, AD 990–1990* (Cambridge, Mass.: Basil Blackwell, 1990).

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these polities engaged in external warfare (with different cultures).[43] We redid the analysis in column 1, adding frequency of external warfare as an additional predictor. Even though the sample is smaller (n = 27) because some cases are not rated reliably on external warfare frequency, two indicators of political participation—removal of leaders (7) and absence of fission (30)—remain significant, and a third indicator of participation (11) is almost so (p = .08). Moreover, external war is not a significant predictor of internal war. Thus, any strong causal link from the absence of external warfare to participation (and hence to low internal warfare) is unlikely in these societies.[44]

Discussion of two cases in some depth will help to clarify how the practices of participation operated. One is the Marshallese, approximately ten thousand people living on more than thirty rather widely scattered coral islands in the Pacific. Our coders recorded participation and warfare in the period about 1875—ten years before Germany established a protectorate and pacified the islands.

Marshallese society was divided into a clear status hierarchy. The paramount chief came from the senior lineage of the *iroij* (royalty); succession to that title descended in the maternal line. He was not elected or tested, nor were there any grounds for exclusion from the position. Lesser chiefs came from the remaining *iroij* lineages. Although the Marshall islands as a whole were not united under one paramount chief, some islands had their own paramount chief, and some groups of islands were united under one paramount. Below the *iroij* were the *bwirik* (nobility) and then the commoners. The chiefs (along with the nobles) controlled the land and its products and provided "dogmatic" leadership; that is, both paramount chiefs and the chiefs of the descent groups were described as having autocratic powers and the power of life and death. They were supposed to command the best information on political affairs.[45]

[43] Data for the Murdock/White sample come from the project reported in Ember and Ember (fn. 19, 1992). The assistants in the project described here coded external warfare for the cases from Murdock (fn. 14).

[44] Among modern nation-states the evidence that internal violent conflict and external conflict are systematically related is at best ambiguous. See Michael Stohl, "The Nexus of Civil and International Conflict," and Dinna Zinnes, "Why War? Evidence on the Outbreak of International Conflict," both in Ted Robert Gurr, ed., *Handbook of Political Conflict* (New York: Free Press, 1980).

[45] Alexander Spoehr, *Majuro: A Village in the Marshall Islands* (Chicago: Natural History Museum, Fieldiana, Anthropology, vol. 39, 1949); Arno Senftt, *Die Marshall-Insulaner* (*The Marshall Islanders*), in S. R. Steinmetz, ed., *Rechtsverhaeltnisse von einegeborenen Volkern in Afrika und Ozeanien* (Berlin: Verlag von Julius Springer, 1903), translated in 1942 for the Yale Cross-Cultural Survey; P. August Erdland, *Die Marshall-Insulaner, Leben und Siotte, Sinn und Religion eines Suedsee-Volkes* (*The Marshall Islanders: Life and Customs, Thought and Religion of a South Seas People*) (Münster: Anthropos Bibliothek Ethnological Monographs,

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Thus the Marshallese provide an example of a society that is highly autocratic at every level, from the paramount chiefdom to descent groups. Not only was the opportunity to lead constrained by heredity, but there also appear to have been virtually no checks on the power of political leaders, no way to remove leaders, and no decision-making bodies. And the island chiefs were described as continuously warring among themselves prior to pacification.[46]

In contrast, the Cuna Indians, residing on the Atlantic coast and islands of Panama, had a highly participatory system and virtually no internal war. As of 1927 (the date for our codings) the more than twenty-two thousand Cuna were still independent politically, despite repeated attempts by the Spanish, Colombian, and finally Panamanian authorities to subjugate them.

They had village chiefs and a high chief (called *Nele*) for a confederacy of villages. The Nele also represented one of two political parties (which tended to be territorial in base) and was elected by the chiefs of all the villages affiliated with his party. The Nele might act as village chief in his own village, in which case there was always another village chief who could take over when the Nele was away. In principle the village chief was elected for life by all the men in the village, but in reality he could be impeached at any time. None of the chiefs was paid. Few men seem to have wanted to be chief, since it was difficult to perform the attendant obligations and also support himself and his family. So chiefs tended to be older men who were helped by their sons-in-law, who normally resided with them. The Nele gave advice to other villages by sending committees to the council houses, but he could not force the chief of another village to carry out his order. There was in the high chief's village a great "Congress House" that could seat about one hundred representatives from the confederacy; women were sometimes present. The Nele presided at the center table, surrounded by his counselors and visiting chiefs. When he addressed the council he neither domineered nor pleaded but used reasons and facts to try to convince them.[47]

Although elections of the chiefs could not be contested, they seem to have been consistent with the will of the people. And there was an insti-

1914), translated in 1942 and 1961 for the Yale Cross-Cultural Survey and HRAF; Camilla Wedgewood, "Notes on the Marshall Islands," *Oceania* 13, no. 1 (1942).

[46] Spoehr (fn. 45), 32.

[47] Erland Nordenskiold, *An Historical and Ethnological Survey of the Cuna Indians*, ed. Henry Wassen (Göteborg: Göteborgs Museum, Etnografiska Avdelningen, 1938); Fred McKim, *San Blas: An Account of the Cuna Indians of Panama. The Forbidden Land: Reconnaissance of Upper Bayano River*, Republic of Panama, in 1936, ed. Henry Wassen (Göteborg: Etnografiska Museet, 1947); David B. Stout, *San Blas Cuna Acculturation: An Introduction* (New York: Viking Fund, 1947).

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tutionalized way to remove a chief: impeachment. (Moreover, since the chiefs tended to be old upon assuming office, there was some natural limit to their term.) By their consultation with the councils, they appear to have been responsive to popular opinion, and they do not appear to have had the power to force a particular decision. Both women and men attended council meetings, making for widespread participation in decision making. The Cuna had virtually no internal war.

V

The statistical results are strong and robust, despite the relatively small sample and the difficulties in measuring the variables to minimize random error. Detailed study of the ethnographic reports helps in interpreting the quantitative analysis. Participatory institutions contribute to reducing the frequency of internal warfare, but in many of these cases the institutions as such are weak. More important, therefore, may be a culture wherein people perceive that they and others have the opportunity to participate widely in political decision making. If we can characterize these institutions and cultures as "democratic" in a meaningful way—and we believe we can, even allowing for the very different circumstances—we have one more piece of evidence to support the proposition that democratically governed peoples are less likely to fight one another than are autocratically governed peoples.

We have taken a hypothesis from the cross-national literature and supported it in a very different domain. In doing so we have a finding—not widely anticipated in anthropology—that strengthens similar theory and empirical research on international relations. Perhaps we have found something that applies in very many political contexts: when people learn to agree to disagree and have some control over the political process, they may learn that conflicts with other people who share similar ideas about the political process can also be resolved in peaceful ways.

Understanding that participatory systems rarely fight each other and why that is so would have great consequence for theoretical debates between realists and liberal transnationalists. It would also have great consequences for policy in the contemporary world. It would affect the kinds of military preparations deemed necessary and the costs one would be willing to pay to make them. On the one hand, it might encourage war making against authoritarian regimes and efforts to overturn them—with all the costly implications of preventive or even hegemonic military activity such a policy might imply. On the other hand, it would encourage peaceful efforts to assist the emergence and consolidation of

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democracy in Eastern Europe, the former Soviet Union, and the Third World. Finally, and perhaps most important, it can have the effect of a self-fulfilling prophecy. In a world in which democracy has become widespread, to the degree the proposition is dependent on mutual perceptions, understanding the proposition will help to make it true.

Appendix: Codes for Political Decision Making

Codes for Local Decision Making, Adapted from Ross[48]

VARIABLE 6: CHECKS ON LEADERS' POWER

1 There are few checks on political power in the society, or those that exist do not seem to be invoked very often.

2 There are checks on leaders' power that seem to make them sensitive to popular pressures.

3 Political leaders in the society are careful to act only after securing substantial support for particular actions.

4 There are no leaders who act independently, lest they lose their backing in the community.

9 Not codable.

VARIABLE 7: REMOVAL OF LEADERS

1 There appears to be virtually no way in which incompetent or disliked leaders can be removed except for rebellion or popular uprisings.

2 There are institutionalized means for removing leaders that are invoked from time to time, possibly by other elites in the community.

3 Leaders are not necessarily removed from office in a formal manner, but they may be ignored and come to lose their influence in the community.

4 Leadership is not formalized, so individuals lose power when support disappears or diminishes.

9 Not codable.

VARIABLE 8: LEADERS' NEED FOR CONSULTATION

1 Leaders frequently act independently and make authoritative decisions that are then presented to the community.

2 Leaders seem to make relatively few decisions on their own without consultation with members of the community.

3 Leaders or influential individuals use persuasion (personal skills

[48] Ross (fn. 16), 176–81.

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as opposed to exercise of authority) to help organize and structure group action.

9 Not codable.

VARIABLE 9: DECISION-MAKING BODIES

1 Most decisions seem to be made by individual(s), perhaps with advice from a few advisers.

2 Most decisions seem to be made by individual(s) working with an elite council.

3 Most decisions seem to be made by individual(s) working with a broad-based council.

4 Most decisions seem to be made by a broad-based community council.

5 While few explicit decisions are made, those that are seem to be made by the community at large, sometimes meeting together.

9 Not codable.

VARIABLE 10: POLITICAL PARTICIPATION—RANGE OF DECISION MAKING

Range of participation refers to the number of different areas of life in which community decision making occurs. This variable assesses the extent to which community control is exercised over different areas of life through collective decision making, whether of a formal or informal nature.

1 The community makes collective decisions (formally or informally) that impinge on many aspects of people's lives.

2 The community makes collective decisions that impinge on a moderate number of areas of people's lives.

3 The community makes collective decisions that impinge on relatively few aspects of people's lives.

4 There seem to be minimal collective decisions made that impinge on people's lives. (Code 4 was used to eliminate from the analysis polities with minimal collective decision making.)

9 Not codable.

VARIABLE 11: POLITICAL PARTICIPATION—EXTENSIVITY OF INVOLVEMENT, SCALE SCORES REVERSED FROM ROSS[49]

A second dimension of participation concerns patterns of involvement in those areas where collective decision making is present. How widespread or restrictive is adult political participation in a community?

[49] Ibid.

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Within those areas where community decision making occurs, adult involvement in decision making is best characterized in the following ways:

1 Low or nonexistent: leaders make most decisions, and involvement of the average person is highly limited or absent.

2 Moderate: some consultation is present and there is some input from the community, but on the average it is not high.

3 High for some: there is substantial political involvement for certain persons or groups, but others are excluded on the basis of gender, age, or kinship status.

4 Widespread: decision-making forums (formal or informal) are open to all adults, and involvement seems relatively great. (Societies with widespread participation for men but not women are scored 3.)

9 Not codable.

VARIABLE 30: LOCAL POLITICAL FISSION

Fission includes imprisonment or internal banishment for crimes against the "state" as well as external banishment for such crimes; it does not include imprisonment or banishment for "civil" crimes such as incest or theft.

1 Dissatisfied persons often move to another community following disputes.

2 Dissatisfied persons sometimes move to another community following disputes.

3 Dissatisfied persons rarely or never move to another community following disputes.

9 Not codable.

Codes for Multilocal Decision Making, Adapted from Tuden and Marshall[50]

COLUMN 5: EXECUTIVE AND LEGISLATIVE AUTHORITY

2 Supreme decision-making authority is vested in a council, assembly, or other deliberative body, or it is shared more or less equally by such a body and a single or plural executive (king, president, or prime minister). Formerly Tuden and Marshall codes C or S.

1 Supreme decision-making authority is concentrated in a single or plural executive (e.g., committee, dual, triumvirate; influence of advisers is irrelevant). Formerly Tuden and Marshall codes P or L.

[50] Tuden and Marshall (fn. 18), 120–21.

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8 There is no effective sovereignty above the local community.
9 Not codable.

COLUMN 6: SELECTION OF EXECUTIVE

3 Succession is nonhereditary and by a formal electoral procedure in which a substantial portion of the free citizenry participates. Formerly Tuden and Marshall code e.

2 Executive is selected or otherwise chosen (perhaps by consensus) by a council or other deliberative body, or there is no executive other than a presiding officer of the council. Formerly Tuden and Marshall code c.

1 Executive is chosen by heredity, divination, a body of limited size (ruling clique, party, or small body of electors, and any wider elections are merely a stereotyped confirmation of the decision of a limited power group), or an alien society. Formerly Tuden and Marshall codes p, q, m, n, f, l, a, s.

7 There is no executive, even though multilocal level exists.
8 There is no effective sovereignty above the local community.
9 Not codable.

COLUMN 7: DELIBERATIVE AND CONSULTATIVE BODIES

3 An elective legislature or parliament is chosen independently by the franchise of a substantial proportion of the free citizenry. Formerly Tuden and Marshall code E.

2 There is a deliberative body representative of most or all of the major social, class, or ethnic components. Formerly Tuden and Marshall code R.

1 There is no deliberative body, or only an aristocratic body whose membership is hereditary or confined to ascribed statuses, e.g., a council of nobles, or one whose members are appointed by the chief executive or a ruling clique or party. Formerly Tuden and Marshall codes O, C, A.

8 There is no effective sovereignty above the local community.
9 Not codable.

If there are two deliberative bodies, we coded the one that gave a code 2 for Executive if applicable, or, if that was not applicable, which gave a code 2 for Selection of Executive. If still not identified we coded the one chosen by the broader franchise.

The codes for multilocal decision making were subsequently reduced as follows:

5 Col. 5 = 2, Col. 6 = 2, 3, or 7, Col. 7 = 3

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4 Col. 5 = 2, Col. 6 = 2 or 7 and Col. 7 = 2, or Col. 6 = 1 and Col. 7 = anything (Col. 5 = 2, Col. 7 = 1 is a null set.)

3 Col. 5 = 1, Col. 6 = 3, Col. 7 = anything

2 Col. 5 = 1, Col. 6 = 2, Col. 7 = 3

1 Col. 5 = 1, Col. 6 = 2 and Col. 7 = 1 or 2, or Col. 6 = 1 and Col. 7 = anything.

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THE DYNAMICS OF THE TWO-LEVEL BARGAINING GAME
The 1988 Brazilian Debt Negotiations

By HOWARD P. LEHMAN and JENNIFER L. McCOY*

IN this study, we examine the case of the Brazilian debt rescheduling agreement of 1988 as a two-level game in which each of the two main negotiators—the Brazilian state and the international bank advisory committee—must satisfy its own constituents while trying to negotiate an international agreement. The literature on the politics of debt and adjustment tends to look either at the domestic politics of stabilization and adjustment or at collective action at the level of the international regime.[1] We argue, however, that the interaction between the domestic and international levels must be understood in order to explain the outcomes of international debt negotiations. Drawing on the concept of the two-level game in international politics suggested by Robert Putnam,

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[1] Among many recent examples of the literature on the domestic politics of stabilization and adjustment, see William L. Canak, ed., *Lost Promises: Debt, Austerity and Development in Latin America* (Boulder, Colo.: Westview Press, 1989); Stephan Haggard and Robert R. Kaufman, "The Politics of Stabilization and Structural Adjustment," in Jeffrey Sachs, ed., *Developing Country Debt and the World Economy* (Chicago: University of Chicago Press, 1989); Howard Handelman and Werner Baer, eds., *Paying the Costs of Austerity in Latin America* (Boulder, Colo.: Westview Press, 1989); Robert R. Kaufman, *The Politics of Debt in Argentina, Brazil, and Mexico* (Berkeley: Institute of International Studies, 1988); Jennifer L. McCoy, "The Politics of Adjustment: Labor and the Venezuelan Debt Crisis," *Journal of Interamerican Studies and World Affairs* 28 (Winter 1986–87); Joan M. Nelson, ed., *The Politics of Economic Adjustment: Fragile Coalitions* (Washington, D.C.: Overseas Development Council, 1989); Barbara Stallings and Robert Kaufman, eds., *Debt and Democracy in Latin America* (Boulder, Colo.: Westview Press, 1989). For recent examples of the literature on collective action at the international regime level, see Vinod K. Aggarwal, *International Debt Threat: Bargaining among Creditors and Debtors in the 1980s* (Berkeley: Institute of International Studies, 1987); Benjamin J. Cohen, "Developing-Country Debt: A Middle Way," *Essays in International Finance*, no. 173 (Princeton: Princeton University, International Finance Section, 1989); Robert Devlin, "Private Banks, Debt, and the Bargaining Power of the Periphery," in Economic Commission for Latin America and the Caribbean, *Debt Adjustment and Renegotiation in Latin America* (Boulder, Colo.: Lynne Reinner, 1986); Charles Lipson, "Bankers' Dilemmas: Private Cooperation in Rescheduling Sovereign Debts," *World Politics* 38 (October 1985); Guillermo O'Donnell, "Brazil's Failure: What Future for Debtors' Cartels?" *Third World Quarterly* 9 (October 1987); Diana Tussie, "The Coordination of the Latin American Debtors: Is There a Logic behind the Story?" in Stephany Griffith-Jones, ed., *Managing World Debt* (New York: St. Martin's Press, 1988).

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and on a wider literature concerning the influence of domestic political considerations in international negotiations, we demonstrate that such an analysis can explain the process and outcome of the 1988 agreement, where a unitary negotiating model fails to predict the final result.[2] In particular, a two-level analysis shows how internal politics serves both as a constraint on the negotiator and, surprisingly, as a potential source of leverage in international negotiations.

Putnam advances a theory of ratification for international negotiations in which negotiators (primarily governments) represent constituencies that must approve a negotiated agreement before it can be successfully implemented. In our case, the negotiators represent two different types of actors—a sovereign government and private commercial banks. In effect, there are two sets of games, each with its own specific dynamics. This article will focus on the Brazilian state's interaction with its domestic constituents and with international creditors. It will not attempt to present a systematic analysis of the other game—the creditors' interaction within and among themselves.

I. The Logic of the Two-Level Game

The principal problem of the two-level game is that the negotiator must satisfy two imperatives simultaneously: in the case of international debt negotiations, the debtor state must find a bargaining strategy to address the concerns of international creditors as well as of domestic interest groups, while the bank advisory committee must simultaneously address the concerns both of the debtor and of its own constituent member banks and their shareholders. This presents a strategic dilemma for the negotiator, since, as Putnam notes, rational moves at one board may be impolitic at the other.[3]

For a debtor government in debt negotiations, the dilemma is as fol-

[2] Robert Putnam, "Diplomacy and Domestic Politics: The Logic of Two-Level Games," *International Organization* 42 (Summer 1988). James N. Rosenau provided an early theoretical account of the domestic influences on foreign policy in his "Theorizing across Systems: Linkage Politics Revisited," in Jonathan Wilkenfeld, ed., *Conflict Behavior and Linkage Politics* (New York: David McKay, 1973). Other analysts have modified and extended the linkage concept to incorporate the causal relationship between domestic and international affairs. See Peter Gourevitch, "The Second Image Reversed: The International Sources of Domestic Politics," *International Organization* 32 (Autumn 1978); Jeffry A. Frieden, "Capital Politics: Creditors and the International Political Economy," *Journal of Public Policy* 8, no. 3–4 (1988); David A. Lake, "International Economic Structures and American Foreign Economic Policy, 1887–1934," *World Politics* 35 (July 1983); Ronald Rogowski, *Commerce and Coalitions: How Trade Affects Domestic Political Alignments* (Princeton: Princeton University Press, 1989); Robert O. Keohane and Joseph S. Nye, Jr., *Power and Interdependence* (Boston: Little, Brown, 1977).

[3] Putnam (fn. 2), 434.

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lows: if the state refuses to offer acceptable concessions or imposes severe demands on the creditors in order to placate internal political groups, it risks retaliation from international banks, such as attachments of foreign assets, ruptures in trade lines, and cessation of lending; if it readily agrees to bank proposals for debt servicing to facilitate a debt accord, it risks polarization and political mobilization by the domestic groups afflicted by the costs of the agreement. We shall demonstrate that by converting domestic politics into a resource, the state may also use these internal constraints as a bargaining leverage. Caught in the middle as the central decision maker in the adjustment process, the state must formulate a credible bargaining strategy to address the concerns of both international creditors and domestic political groups. It must therefore bargain simultaneously and interactively with international creditors and domestic groups in a two-level game.

Bank negotiators also face a strategic dilemma in debt negotiations. If, on the one hand, they press debtor governments to meet their debt service obligations and thus assure interest repayments, they risk retaliation through debt repudiation or a moratorium. If, on the other hand, they make too many concessions in order to reach a negotiated solution, they risk alienating constituent banks and their own shareholders. In order to secure ratification, the bank advisory committee, much like the debtor governments, must bargain simultaneously with the constituent banks and the shareholders whom they represent, and with the debtor government.

The literature pertaining specifically to bargaining in debt negotiations between international creditors and debtors falls into three categories. One approach considers debtors and creditors as aggregate units. Devlin conceptualizes this interaction as a "bilateral monopoly framework" in which each side negotiates with the other based on its respective power resources.[4] This is similar to Druckman's concept of "negotiator as bargainer," in which one negotiator acts simply in response to the other in an action-reaction cycle.[5] A second line of thought in the literature focuses on the politics of decision making within different creditor institutions. One example is Lipson's study on international banks in their rescheduling negotiations with debtors. Rather than conceptualizing a group of creditors as a monolithic actor, Lipson distin-

[4] Robert Devlin, *Debt and Crisis in Latin America: The Supply Side of the Story* (Princeton: Princeton University Press, 1989), 210.

[5] Daniel Druckman, "Boundary Role Conflict: Negotiation as Dual Responsiveness," in I. William Zartman, ed., *The Negotiation Process: Theories and Applications* (Beverly Hills, Calif.: Sage Publications, 1977), 88.

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guishes banks by their size and further breaks down the unit of analysis into two "games": large banks bargaining with each other, and large banks seeking ratification from smaller banks.[6] The debtor's own strategy and response toward these creditors' concerns is, in Lipson's words, "another story."

In this article, we consider the "other story"—that of debt negotiators bargaining with their opposites (negotiator as bargainer) as well as bargaining with their constituents (negotiator as representative).[7] Since we are most interested in the actual linkage between these levels, we also need to specify the complex relations, competing interests, and varying power resources that ultimately produce the negotiated outcome.[8]

Before elaborating on the two-level game, let us consider the strengths of this model in relation to a state-centric unitary model of negotiations. In using two levels of analysis, we are suggesting that, because of increased complexity, this model has greater explanatory power than a simple, one-level, unitary model. Strategic moves during the negotiation phase at Level I between the state and creditors are influenced by the game at Level II between the domestic constituents and the state because of the need for domestic constituents to ratify the final agreement at Level I. At the center of these interactions is political struggle and conflict. The two-level model offers an analytical framework for understanding policy outcome as a product of numerous political struggles among competing national and international interests.

A unitary model assumes policy congruence, which manifests itself as a coherent, distinct bargaining strategy: the state identifies a single national policy and strategy that can be explained by its interests and its relative sources of leverage (economic performance, size of foreign debt, strategic power) in the international system.[9] An aggregate construction of the state, however, inappropriately dismisses the importance of complex social and political realities within debtor countries.[10] As our case will demonstrate, Level I analysis is necessary but not sufficient for understanding and explaining the different policy outcomes over time.

[6] Lipson (fn. 1), 205.

[7] Druckman (fn. 5); Stephany Griffith-Jones, "Debt Crisis Management, an Analytical Framework," in Griffith-Jones (fn. 1).

[8] Miles Kahler, "International Financial Institutions and the Politics of Adjustment," in Joan M. Nelson, ed., *Fragile Coalitions: The Politics of Economic Adjustment* (New Brunswick, N.J.: Transaction Books, 1989); Haggard and Kaufman (fn. 1).

[9] For further elaboration, see Kenneth Waltz, *Theory of International Politics* (New York: Random House, 1979).

[10] As Putnam notes, "A more adequate account of the domestic determinants of foreign policy and international relations must stress *politics*: parties, social classes, interest groups (both economic and noneconomic), legislators, and even public opinion and elections, not simply executive officials and institutional arrangements" (fn. 2), 432.

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Another advantage of the two-level model is the incorporation and analysis of the efforts by Level I negotiators to influence the Level II game of the counternegotiator. In targeting their initiatives to the domestic political environment, Level I negotiators seek to increase the likelihood of a ratifiable agreement by influencing the preferences of constituents of the other negotiator. This influence (or reverberation, as Putnam calls it) may occur as Level I actors provide benefits or sidepayments to domestic constituents in an attempt to win their support of an agreement. Or it may take the coercive form of threats and potential punishment against Level II members in an effort to produce an agreement.[11] The Brazilian case study is an example of the latter form of reverberation.

In applying the two-level game to debt negotiations, the question becomes how to achieve an agreement that will be ratifiable by both sets of constituents. In Putnam's terms, the issue is how to create overlapping "win-sets"—the set of choices that will be approved by each constituency—which can produce a ratifiable international agreement. The need for domestic ratification, whether through formal treaty approval or through cooperation of labor and capital with a government's economic policies, leads a negotiator to search for an agreement that will be acceptable to its constituents. In this way, the negotiator seeks to avoid an involuntary defection if one of these actors refuses to comply with the agreement.

While negotiating debt restructuring with international banks, the debtor government must simultaneously contend with an internal game. This game concerns interest-group politics and/or class conflict. It involves three players—labor, capital, and government: the government seeks to retain power, and labor and capital seek to maximize their gains, wages, and profits respectively. In electoral politics, the government's goal of retaining power may be met by satisfying the demands of a majority of the voting populace through the distribution of benefits in a growth economy. In the context of the international debt crisis, a debtor government may choose between two courses: it may shift the burden of the debt to the external environment (such as debt repudiation), thus enhancing the prospects for short-term growth, but risking retaliation by international creditors; or it may meet the external debt obligation by imposing the costs on domestic constituents, thus enhancing the prospect of new infusions of capital and eventual growth. If the latter strategy is chosen, as has been the case for much of the past decade, then the famil-

[11] Ibid., 454.

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iar problem of the distribution of the costs of austerity constitutes the game. In this situation, labor must choose between cooperating with wage restraint (support austerity) and defecting with wage militancy (reject austerity). Capital also has a choice: to cooperate with investment in the domestic economy (support austerity), or to defect with capital flight (reject austerity). Labor and capital, therefore, can either "ratify" an international agreement by cooperating with the terms of the agreement, such as policy measures required by a linked IMF letter of agreement; or, by refusing to cooperate, they can cause a government to defect involuntarily from the international agreement, thus precipitating its failure to meet the terms of the agreement. The government's strategy in negotiating economic adjustment policies as a condition of debt restructuring will in part depend on the distribution of power within the domestic game.

The game becomes more complex if, in addition to requiring the cooperation of social actors with policy measures, an agreement must be formally approved by the legislature. In the case of Brazil, the potential need for such approval arose in the context of the transition to democracy: the constituent assembly was writing a new constitution, and the political parties and the military became necessary "ratifiers." Preferences of each of the constituents who had to ratify an agreement (and conflicts among them) therefore had to be taken into account by the chief negotiator. We assume that organized labor will insist on protection of jobs and protection of purchasing power; when these objectives are in conflict, the former will take priority. Capital's preferences will depend on the sectoral location. Industrialists producing for the domestic market will prefer ensured access to imported inputs, protection of consumers' purchasing power, and access to internal and external lines of credit. The commercial sector will seek to maintain access to external lines of credit (trade); and the financial sector or those engaging in currency speculation will prefer policies that guarantee open currency exchange, liberalized interest rates, and ability to take capital abroad.

In a debt rescheduling agreement, then, both labor and the producers who rely on the internal market will seek to avoid recessionary policies, especially those austerity measures that generally accompany the IMF's conditions of international loans. Producers relying on imported inputs or that are in the commercial sector, however, will require continued access to lines of credit for trade, which implies satisfying external creditors.

Political actors will prefer an international agreement that brings the greatest benefits to their constituents, depending on the ideology and

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membership of each political party. The military will prefer an agreement that ensures economic stability and good relations with the international community, but it will also be concerned with the relative position of its own members; for instance, it will oppose wage cuts for troops and officers. Finally, the government itself may be divided. The economic team, if composed of technocrats, will prefer a strategy that will bring about economic recovery and stability in the long run, even if that requires short-term sacrifices. It may well be in conflict with other ministers representing specific constituencies, such as labor and industry, or with the chief executive himself, who must be concerned with his political support and coalitions. The latter raises the possibility, as proposed by Putnam, that the interests of the chief negotiator (in this case the debt negotiator as a representative of the president) may diverge from those of his or her constituents.[12] Consequently, the negotiator does not simply act as an agent of those constituents, but may pursue his or her own agenda.

Although international commercial banks may be playing a fundamentally different game than a sovereign government at Level II, they too must contend with an internal game in seeking ratification by their constituents. Banks are involved in two sets of ratification negotiations. One concerns the negotiations between the bank advisory committee and member banks, whereby the committee represents individual banks in negotiations with debtor governments. In order for the agreement to be ratified, the committee must obtain approval from 85 percent of the member banks at the end of the debt negotiations. The second and related ratification game involves the negotiations between individual banks and their own shareholders. In order to reduce any negative effect of a debt agreement on the value of their bank's shares, bank officials negotiate with the bank advisory committee while keeping an eye on the response of their constituents, the shareholders.

The ratification process for international banks becomes even more complex as the individual banks' preferences and interests change according to rising risk patterns. In an environment of rising risk, the most pressing and immediate concern for many international banks has been the maintenance of scheduled payment of fees, commissions, and interest by borrowers. During the 1970s, banks sought to accomplish this objective by increasing the amount of financing that was tied to IMF conditions through concerted lending. As risk rose during the early 1980s because of the failure of this strategy to generate repayment, international banks

[12] Ibid., 456–59.

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were faced with deterioration of the value of outstanding loans. In order to protect the latter, the banks introduced creative financing and "exiting" measures as part of the menu of options so as neither to impair the debtor's ability to repay nor to damage the creditor's portfolio. Since many banks are regulated by national authorities, any consistent weakening of their assets could draw fire from these powerful supervisory agencies, thereby doing further harm to the reputation of the banks in the eyes of their shareholders. Yet, their strategy remained one of defensive lending. In order to regain the offensive, many banks now seek to restore the original basis of lending and borrowing. Currently, these actors anticipate that in the long run the borrowing states' restored credit standing, initiated by regulated debt reduction, will foster a profitable and stable lending environment. Many banks now consider long-term economic improvement in debtor countries as a necessary condition for the resumption of lending, the restoration of debt-servicing capacity, and the legitimization of the "rules of the game" governing international lending.[13]

The ratification process for international banks is further complicated by the number of actors with contrasting preferences. In the case of international commercial banks, negotiators must grapple with opposing interests between banks that have extensive foreign loans and those that have less extensive ones. The former have a greater incentive to remain committed to accommodation with debtor governments, while the latter often seek to defect from their debt agreements.[14] The internal game for bank negotiators becomes more complex as they also deal with crucial third parties, including the International Monetary Fund, bank regulatory agencies, and creditor governments. Many international banks have lent new money as a component of IMF programs and have come to rely on IMF agreements to ensure interest repayment. Yet, as debtor governments turned out to be increasingly unable to comply with IMF targets, the link between the standby programs and the rescheduling demands of commercial banks became threatened.[15] The regulatory agencies of advanced industrialized countries constitute another type of third party. Through a form of collective action, these agencies have recently imple-

[13] A more extensive argument is found in Howard P. Lehman, "The International Lending Regime: Strategic Priorities and Policy Moves in the 1980s" (Unpublished manuscript).

[14] Lipson (fn. 1) provides an analysis of the internal decision-making process of "large" and "small" banks. However, the absolute size of a bank's assets is less critical than the proportion of exposed loans to problematic borrowers.

[15] See Devlin (fn. 4), 227–29, for a discussion of the cracks in the creditor cartel resulting from conflicts between small and large lenders, between U.S. and European banks, between banks and the U.S. government, and between banks and the IMF.

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mented new rules affecting the quality of assets in loan portfolios that are believed to weaken the banks' financial position. Moreover, while private banks generally are concerned with the scheduled interest payments, official creditors tend to emphasize issues of creditworthiness, stabilization, and financial stability. Creditor governments also have a number of concerns, including the commercial and strategic value of debtor states.

In order to arrive at a mutually acceptable and ratifiable agreement, we argue that in the bargaining process, negotiators choose between (or mix) two basic strategies: (1) they can *seek* concessions from the opponent until their proposals converge to some degree, or (2) they can *offer* concessions, which would require them to convince their own constituents of the benefits of the new set of proposals. The choice of strategy and the ability to carry it out will depend on the bargaining skills and sources of leverage for the negotiators vis-à-vis each other and their own constituency. For the banks facing the debtor government, these sources include the capacity to act collectively while preempting collective action by debtors, the ability to share the risks of lending with international institutions and creditor governments, the ability to protect themselves from default, and the leverage gained through control of future credits.[16] For debtor governments, sources of leverage include the size of the debt, strategic geographic location, and the extent to which debtors have alternative sources of funding.[17]

We would expect, then, that negotiators would choose a bargaining strategy based on their calculations of respective strength compared to that of their opponent and of their domestic constituents. Negotiators with considerable (perceived) bargaining strength relative to the opponent may choose a strategy of winning concessions from the opponent in the Level I game, regardless of the negotiators' strength in the Level II game, in order to shift or expand the opponent's win-set until it overlaps with their own win-set.

If a negotiator perceives himself or herself to be in a position of equivalent or relatively inferior strength at Level I, then the strategy chosen must take into account his or her relative strength at the Level II game. As Putnam notes, domestically weak (but cagey) negotiators may strive

[16] Lipson (fn. 1); Guillermo O'Donnell, "External Debt: Why Don't Our Governments Do the Obvious?" *CEPAL Review* 27 (December 1985); O'Donnell (fn. 1); William A. Darity, Jr., and Bobbie L. Horn, *The Loan Pushers: The Role of Commercial Banks in the International Debt Crisis* (Cambridge, Mass.: Ballinger, 1988); Howard P. Lehman, "From Confrontation to Cooperation: Strategic Bargaining in Brazil's Debt Negotiations," *Political Science Quarterly* (forthcoming).

[17] Haggard and Kaufman (fn. 1).

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to turn that weakness into a strength in Level I negotiations by arguing that it will be difficult to obtain ratification of any agreement that does not fall within their narrow win-set, thus forcing concessions from the opponent.[18] On the other hand, negotiators that are domestically strong or autonomous but weak or equivalent at Level I will seek to win concessions from their own domestic constituents, thus increasing the chances of reaching an international agreement.

We further expect movement in the negotiations to derive from the perceived costs of not reaching an agreement. As the costs of no-agreement rise, each negotiator has an additional incentive to win concessions from the other and/or to expand domestic win-sets because of pressure from constituents. On the other hand, if such costs remain low for both sides, then a ratifiable agreement will be less likely and the negotiators will pursue hard-line bargaining tactics.

The significance of the two-level analysis can thus be demonstrated by the outcomes predicted by it in comparison with those predicted by a one-level, unitary actor analysis. In the unitary actor model, two variables are important: the strength of the negotiator vis-à-vis the opponent and the costs of no-agreement. The first variable helps to explain the strategy chosen by the negotiator and thus *how* an agreement will be reached and whom it will favor, while the second helps to predict *when* an agreement may be reached. This model would predict that strong negotiators would adopt a hard-line strategy, seeking concessions from their opponents to meet their objectives. Weak negotiators, on the other hand, would strive to minimize the number of concessions they must make, depending on the costs of no-agreement, in order to reach an agreement. The change in relative costs of no-agreement will determine when and how many concessions will be made by each side.

By contrast, the two-level game recognizes the requirement of constituent ratification of an agreement, thus introducing the notion of the win-set of each negotiator and the significance of the second level of the game. The relative strength and autonomy of the negotiator vis-à-vis the domestic constituency will determine how easily ratification can be achieved; it thus constitutes a variable in explaining the strategy chosen and in predicting the likelihood of an agreement being reached. With two levels, the analysis immediately becomes more complex: four possible outcomes are suggested by the single variable of the strength of the negotiator: (1) strength at Level I and weakness at Level II will predict a hard-line strategy in the Level I negotiations; (2) weakness at both

[18] Putnam (fn. 2), 440.

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levels will also predict a hard-line at Level I as the negotiator tries to turn Level II weakness into strength at Level I; (3) strength at both levels will produce mixed results, depending on the costs of no-agreement; and (4) weakness at Level I and strength at Level II will predict concessions from the negotiator at Level I, since he or she can impose those concessions on the domestic constituency and still ensure ratification.

In the second and third cases above, this simple two-variable illustration of the two-level game predicts results countering the one-level game. The conventional wisdom, based on past international debt negotiations, would posit that the Brazilian negotiator entered the negotiation in position 2 above: the power balance would be assumed to favor the creditors in debt negotiations, and the transition to democracy placed the Brazilian president in a weak position vis-à-vis his domestic constituency. The two-level analysis explains the unexpected outcome of Brazil winning an acceptable debt agreement. If the bank negotiators find themselves in position 3 above, with an indeterminate outcome, we assume strength at Level I deriving from greater capacity for collective action and strength at Level II deriving from greater information regarding the preferences of constituents.

In the following section, we present the case of the 1988 international debt agreement for Brazil, tracing the series of policies and bargaining positions that began in 1985 with the election of Jose Sarney as president. In the concluding section, we shall discuss the contributions of a two-level analysis of the interaction of domestic and international factors in explaining outcomes of international negotiations, as illustrated by the Brazilian debt agreement of 1988.

II. Brazilian Debt Negotiations: A Two-Level Game

The Democratic Transition and the Cruzado Plan: Prelude to Negotiations

Negotiations for the 1988 Brazilian debt agreement began in the context of a transition from authoritarian to civilian rule, in which the newly elected president was perceived to hold a weak mandate. Brazil's initial bargaining position was determined in large part by the domestic politics of the transition and the domestic economic situation. President Jose Sarney had been elected vice president indirectly by an electoral college on a coalition ticket in which he represented a defecting wing of the official (military) party. He ascended to the presidency when the popular president-elect, Tancredo Neves, died suddenly on the eve of his inauguration

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in March 1985. The uneasy alliance between Neves's opposition PMDB (Brazilian Democratic Movement Party) and Sarney's new PFL (Liberal Front Party) produced an atmosphere of uncertainty and hesitant national support for the new president, and almost immediately affected the debt negotiations.

Political motivations in the context of the transition influenced economic policy-making, and eventually the debt negotiations, as the actors followed strategies to further their own interests. Within the legislature, the PMDB dominated the governing alliance and acted to protect its interests: it fought for a sizable share of the patronage benefits of executive office that it had been denied for twenty years, and was anxious to assure its victory in the municipal elections of November 1985 and the constituent assembly elections of November 1986, which would choose the constitution-writing body.[19] President Sarney, who had been a past president of the official party, was viewed suspiciously by many in the PMDB and the center-left. Constrained by the pacts negotiated by Neves and dependent on the PMDB's support in the legislature, Sarney was determined to improve his political capital with the dominant party in his first two years in office.

The private sector (particularly industrialists) had become vocal in its opposition to military rule as its participation in economic policy-making decreased and recessionary stabilization policies were emphasized. In the 1984 campaign, the president of the national Chamber of Commerce broke the traditional political silence of the Brazilian private sector and announced his support for Neves.[20] In contrast to other Latin American countries, Brazilian business had not resorted to capital flight and financial speculation and did not support orthodox economic policies. The powerful São Paulo business elite, in particular, represented by FIESP—the São Paulo Federation of Industries—with its fixed investments in industrial plants and equipment, favored easy credit policies and resisted negotiations with the IMF.[21]

Unions, newly revitalized after the end of military rule, were divided into two competing organizations: the CUT (Central Workers Union) had its stronghold in São Paulo and tended to be confrontational toward the

[19] The continuity of appointments in the federal bureaucracy was striking. One study showed that during Sarney's first year in office, only 15% of some 4,500 federal appointments were first-time officials without prior ties to the military. See Eul-Soo Pang, "Debt, Adjustment, and Democratic Cacophony in Brazil," in Stallings and Kaufman (fn. 1), 131.

[20] Sylvia Maxfield, "National Business, Debt-led Growth, and Political Transition in Latin America," in Stallings and Kaufman (fn. 1), 84–85.

[21] Jeffry Frieden, "Classes, Sectors, and the International Financial Relations of Mexico, Brazil, Argentina, and Chile," *Comparative Politics* 21 (October 1988).

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government; and the CGT (General Workers' Central) had its origins in the official labor movement and tended to be more moderate in its demands. For example, the CUT opposed the transition negotiated by the Democratic Alliance (PMDB-PFL), which involved indirect elections, while the CGT supported the gradual transition and has generally been more supportive of the new government's policies.[22] In the context of democratic politics, the unions, along with other popular groups who had been disadvantaged under the previous regime and the parties representing them, put great pressure on the new government to pursue distributive and expansionist policies.

Sarney initially acted with great caution and seemed reluctant to tackle the job of president. During his first months in office, indecision and internal divisions racked his administration, and the Congress authorized direct elections for president, threatening Sarney's tenure.[23] Moreover, he had inherited from Neves a deeply divided cabinet (the result of the Democratic Alliance negotiations), and a socioeconomic agenda with job creation and growth as the main priorities, and debt negotiation as a lower-ranked goal.

Economically, Brazil was enjoying recovery, with a GDP growth rate of 8.3 percent in 1985 due to renewed exports and a jump in real wages, and a relatively large trade surplus that allowed Brazil to stay current on its interest payments without borrowing new money. But the outgoing military government had failed to meet the performance criteria of the existing IMF agreement in late 1984 and early 1985, and the negotiations to reschedule $45.3 billion in external debt due in 1985–89 had lapsed before the transition.[24] In addition, inflation reached 10 percent per month in mid-1985, spurring fears of hyperinflation.

Sarney's initial economic team was marked by a rivalry between Finance Minister Francisco Dornelles (a nephew of Tancredo Neves and a relatively conservative economist who favored austerity and an IMF agreement) and Planning Minister Joao Sayad (an economist selected by the left wing of the PMDB who favored an expansionary policy). Dornelles was opposed by Neves's own party; within six months, Sarney responded to the political pressure from the PMDB and industrialists by ousting both Dornelles and Central Bank Governor Carlos Lemgruber after Dor-

[22] Maria Helena Moreira Alves, "Trade Unions in Brazil: A Search for Autonomy and Organization," in Edward Epstein, ed., *Labor Autonomy and the State in Latin America* (Boston: Unwin Hyman, 1989), 39–72.

[23] William C. Smith, "The Travail of Brazilian Democracy in the 'New Republic,' " *Journal of Interamerican Studies and World Affairs* 28 (Winter 1986–87), 44.

[24] World Bank, *Brazil: A Macroeconomic Evaluation of the Cruzado Plan* (Washington, D.C.: World Bank, 1987), 26.

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nelles had publicly remarked: "This government is clearly split into two schools of thought. . . . One wants to reach an agreement with the IMF as quickly as possible, and the other wants a definite break."[25] The cabinet change indicated that the latter position had won out. Dornelles was replaced by the more unorthodox São Paulo industrialist Dilson Funaro; both he and the new governor of the Central Bank were known to be more growth-oriented and opposed to "IMF-style" stabilization programs.[26] The change also reflected the influence of the industrial lobby in government policy-making.[27] Funaro immediately took a confrontational stance with regard to external creditors and rejected the IMF's monitoring of the economy, which the banks wanted to be continued throughout the life of any new debt agreement.

In this domestic context, Funaro thus effectively removed any linkage with the IMF from the bargaining table. This was a major move that demonstrated the conflict over IMF-linkage, and the negotiations broke down temporarily. Brazil perceived the costs of no-agreement to be sufficiently low to warrant this strengthened bargaining stance. The banks at that time also seemed to prefer no-agreement to agreement without IMF linkage. Nevertheless, faced with Brazil's tough stance on the IMF and recognizing the internal politics, the banks took a series of temporary measures that would give the country some breathing space and avoid any technical default on its debt. These measures included a short-term freeze on debt payments and then, in January 1986, a "holding operation" to await new talks after the legislative/constituent assembly elections in November 1986. Signed in July 1986, this agreement restructured $6 billion in capital repayments due in 1985 and postponed until 1987 the $9.6 billion due in 1986.[28]

Domestic politics continued to dominate Brazil's economic and debt policy in late 1985 and early 1986, as Sarney and Funaro struggled to stabilize the economy and to strengthen the president's political position before the legislative elections in November 1986. Public opinion polls in September 1985 showed a 20 percent drop in presidential popularity since April.[29] The government had hoped to negotiate a social pact with business and labor to gain support for its macroeconomic policy, but it had made little progress. The administration therefore secretly began to

[25] *Latin American Times*, September 18, 1985, p. 15.
[26] Ibid., 16.
[27] Jeffry Frieden (fn. 21) notes that the industrialists joined the anti-austerity civilian opposition (PMDB-PFL) when the military rejected their demands and, in the first years of the Sarney administration, got much of what they asked for.
[28] *Latin American Weekly Report*, August 7, 1986, p. 7.
[29] Ibid., October 4, 1985, p. 8.

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prepare a bold, new economic plan in the fall of 1985—a plan that could bring stabilization without recession—the Cruzado Plan.

By early 1986, the country faced runaway inflation of 500 percent annually. Roughly following the Argentine model of a heterodox shock treatment of the economy, President Sarney and Finance Minister Funaro unveiled the Cruzado Plan in February 1986 to address the inertial component of inflation without pushing the economy into recession.[30] The plan imposed a price freeze on both private and public sector prices as well as a wage freeze, after implementing a 33 percent minimum wage rise and an across-the-board wage increase of 8 percent. Further, a wage trigger was set so that when accumulated inflation reached 20 percent, wages would be automatically "triggered" to rise. Finally, the Cruzado Plan introduced a new currency, lowered interest rates, and continued monetary expansion. Baer and Beckerman note that because of the wage increases immediately preceding the freeze, the Cruzado Plan actually acted as an income plan that favored labor. This income policy initially was feasible since "even those sectors caught behind at the time of the freeze were willing to remain briefly at a relative disadvantage for the sake of stabilization."[31] In fact, real wages increased between 15 to 20 percent in 1986, and real demand increased 23 percent.[32]

Extremely popular with consumers, the plan was initially successful in controlling inflation, cutting a monthly rate of nearly 20 percent to zero. International media and financial circles at first praised the achievements of the plan, including a booming growth rate. In August 1986, Morgan Guaranty Trust Company concluded, rather prematurely, that "the (Cruzado) Plan has worked wonders for the inflation so far. . . . These economic achievements, plus the successful transition from military rule to a democracy with stable policy prospects, provide Brazil (with an) opportunity . . . to be the first Latin American country to recover normal access to the international capital markets."[33] Inflationary pressures soon began to reemerge, however. The wild spending spree fueled by the price freeze led to domestic shortages as production approached 100 percent capacity and producers slowed investment in the

[30] See Luiz Bresser Pereira and Yoskiaki Nakano, *The Theory of Inertial Inflation: The Foundation of Economic Reform in Brazil and Argentina* (Boulder, Colo.: Westview Press, 1987).

[31] Werner Baer and Paul Beckerman, "The Decline and Fall of Brazil's Cruzado," *Latin American Research Review* 24, no. 1 (1989); Werner Baer, Dan Biller, and Curtis McDonald, "Austerity under Different Political Regimes? The Case of Brazil," in Handelman and Baer (fn. 1), 36.

[32] *Economist*, April 25, 1987, pp. 9–11.

[33] *World Financial Markets*, August 1986, cited in *Latin American Times*, March 30, 1987, p. 13.

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expectation of an eventual currency devaluation.[34] At the same time, Brazil's trade surplus shrank because producers had diverted goods from the export sector to the more attractive internal sector. As the price freeze wore on, agricultural producers and ranchers actually withheld products from the market in protest, and the government chose to draw down reserves by importing food rather than to relax the price freeze.[35]

By the time of the legislative elections in November 1986, an adjustment was overdue, but the government was reluctant to relax the popular price freeze in the middle of a political campaign. The politicization of the plan is clear from Singer's account: although the price freeze had been intended by the planners to be temporary (only three months) and as a tactic to win time to bring prices to their "equilibrium" level, it soon became the most important element to the political leadership, ensuring popular support for the plan and themselves.[36] Furthermore, neither Sarney nor PMDB leaders were eager to face the hard decisions—to reduce the public sector deficit once the elections were over.

Politically, the strategy of the Cruzado Plan was a success: in the elections, the PMDB-PFL alliance increased its combined strength from 72 percent to 78 percent in the legislature, with the PMDB holding 307 and the PFL holding 107 delegates. However, subsequent discussions in the constituent assembly showed that the alliance was breaking apart, and internal divisions manifested themselves within the PMDB itself.

Immediately after the elections, the Cruzado II Plan was announced. It included public sector price hikes, a selective increase in private sector prices, the closing of fifteen state companies, a rise in interest rates, and a return to minidevaluations of the currency; the unions successfully resisted the elimination of the wage trigger, however. The blatant political timing of the new austerity measures after the November 1986 elections caused widespread opposition, including a shocking riot in Brasilia and, in December, an unprecedented general strike coordinated by the rival CUT and CGT labor confederations. Workers called the economic package "the worst assault on wages in recent years" and complained particularly about a new cost-of-living index which, they argued, was designed to disguise the true rate of inflation.[37] The government's renewed calls for a social pact were met with stiff demands from labor, with the CGT demanding in preliminary talks a suspension of debt payments, an end to

[34] Baer and Beckerman (fn. 31), 53.
[35] Pang (fn. 19), 134; Baer, Biller, and McDonald (fn. 31), 36.
[36] Paul Singer, "Democracy and Inflation in the Light of the Brazilian Experience," in Canak (fn. 1), 34.
[37] *Latin American Regional Report*, January 8, 1987, p. 2.

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all contacts with the IMF, a wage increase, a quadrupling of the minimum wage, and automatic readjustment of wages whenever accumulated inflation reached 5 percent.[38]

Producers also came into conflict with the government over the timing and extent of relaxing the price freezes. By December, industrialists who had benefited from the initial increase in demand maintained that the price freeze now was reducing their profit margins and began a campaign of "civil disobedience," increasing prices without authorization. In January, the dispute became public. Producers threatened to raise prices unilaterally if the remaining freeze was not lifted; in return, Finance Minister Funaro threatened to suspend loans to those initiating unauthorized price increases. President Sarney even called the protesting businessmen "anarchists." The issue was resolved only in February, when the government freed many prices after meeting with a group of business leaders headed by the president of the National Confederation of Industry.[39]

To make matters worse, a report that Sarney had consulted only with the president of the PMDB before announcing Cruzado II unleashed a storm of protest within the party, necessitating a full meeting to ratify the plan.[40] The situation was reminiscent not only of Sarney's announcement of the Cruzado Plan without any prior consultation while Congress was out of session, but also of the military regime's practice of announcing unpopular decrees when Congress was in recess. In January, a group of powerful PMDB governors called for the maintenance of the 20 percent wage-adjustment trigger and for a tougher stance against commercial creditors in the debt negotiations. Concurrently, the issue of Sarney's tenure in office began to heat up as members of the PMDB joined with the leftist opposition in calling for direct elections in 1988 in opposition to Sarney's desire to stay in office two more years.[41] The president's term of office was one of the major issues facing the new legislative/constituent assembly when it began the task of writing a new constitution. The politics of the constituent assembly continued to affect executive decision making as the major parties, as well as the military, jockeyed for power within it.

The economic situation continued to deteriorate in late 1986 and early 1987. Double-digit inflation returned with a monthly rate of 16.8 percent

[38] *Latin American Weekly Report*, February 12, 1987, p. 12; *Economist*, April 25, 1987, pp. 9–11.

[39] *Economist*, April 25, 1987, pp. 9–11; Smith (fn. 23), 56; *Latin American Weekly Report*, January 22, 1987, p. 10, and February 19, 1987, p. 10.

[40] *Economist*, April 25, 1987, p. 10.

[41] *Latin American Weekly Report*, January 29, 1987, p. 8, and February 19, 1987, p. 4.

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in January; interest rates reached 1,100 percent on short-term lending; international reserves fell from $11 billion to $3.8 billion over the life of the first Cruzado Plan; and the trade surplus declined to under $200 million, less than 25 percent of the amount needed to make the interest payments on the foreign debt.[42] For 1987, the trade surplus was expected to reach only $8 or $9 billion, continuing the downward trend from $9.5 billion in 1986, $12 billion in 1985, and $13 billion in 1984.[43]

Faced with growing opposition and economic pressures at home, the Sarney administration turned to the external arena for relief. In January 1987, Brazil became the first large Third World debtor to reschedule its debt with the Paris Club without being required in advance to accept an IMF program and formal IMF monitoring. Having refused to negotiate for most of 1986, the Paris Club agreed to reschedule over $4 billion in January 1987 after the IMF sent a letter to the creditor governments supporting Brazil's economic policies as delineated in Cruzado II.[44] This deal was made in the wake of the Mexican rescheduling with the Paris Club in September and with private banks in October of 1986. Creditors wanted to preempt other debtors from demanding concessions similar to those in the special case of Mexico.

The Paris Club agreement reflected Funaro's strategy of seeking a long-term solution in direct negotiations with creditor governments before sitting down with commercial banks. While creditor governments refused to establish a broader political dialogue—insisting instead that debtors negotiate directly with banks on a case-by-case basis—Funaro had won an unprecedented concession from the creditor governments, which apparently buoyed his confidence. Indeed, although many commercial bankers considered the deal a "breach" in the status quo of relief cum adjustment, the Sarney administration interpreted it as a strong indication of the industrial governments' support for the Brazilian government.[45]

In summary, the first Cruzado Plan had been a gambit to control spiraling inflation; once politicized in the context of Level II politics, it became a liability. It failed, at least in part, because of the government's unwillingness to address the fiscal deficit. Yet the plan also demonstrated the domestic political constraints and the limits to its bargaining platform in debt negotiations faced by an administration attempting to con-

[42] *Latin American Weekly Report*, February 26, 1987, p. 11, and March 5, 1987, p. 1.
[43] *Economist*, April 25, 1987, pp. 11–13.
[44] *Latin American Weekly Report*, January 8, 1987, p. 6.
[45] Alan Riding, "Brazil Talking to Nations, Not Banks, on Debt," *New York Times*, February 2, 1987; M. S. Mendelsohn, "Wrong Way to Tackle Debt," *Banker* (March 1987), 30.

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solidate its rule in a reemerging democracy. Cruzado II and the Paris Club agreement reflected the first steps toward formulating an acceptable compromise: Brazil implemented economic policies which the IMF could support, and the Paris Club governments dropped the requirement of formal IMF monitoring from their own bargaining platform. While the commercial banks would not necessarily adopt a similar stance, Funaro's successful negotiating strategy broke the common sequence of IMF–Paris Club–commercial bank negotiations.

The Debt Moratorium: The game at Levels I and II

Before negotiations reopened, further jockeying for position occurred on February 20, 1987, when Brazil declared a moratorium on the interest payments on its medium- and long-term external debt to commercial banks. The move constituted only a partial defection in the Level I game since it was accompanied by reassurances that, as a qualified moratorium, it was only part of a longer-term bargaining strategy, and that Brazil would not seek cancellation of the debt or concessionary interest rates below market levels. The government stressed that the suspension was a temporary move to protect the depletion of the country's hard-currency reserves.[46] On announcing the moratorium, Funaro said that "we didn't break any contractual clauses. We're suspending remittance during the period of negotiations." President Sarney further stated that Brazil was buying time "to avoid political instability, recession, unemployment and social crisis" and that payments would be resumed once the negotiations with the creditor banks were complete.[47]

The government's decision to suspend payments on only medium- and long-term commercial bank debt reflected a decision-making process fully cognizant of the potential ramifications of a comprehensive moratorium against multilateral institutions, foreign governments, and private banks. President Sarney and his advisers feared that a moratorium against industrial governments would risk a cut-off of export-import bank credits, while a moratorium against the multilateral banks (IMF, World Bank, IDB) would jeopardize future loans Brazil hoped to received for infrastructural investment.[48]

The interpretation of the moratorium as only a partial defection in the game is further supported by the subdued reaction abroad. Pang notes that "contrary to [Sarney's] own expectations, the world did not trem-

[46] Alan Riding, "Brazil, Fearing Reprisal, Seeking Debt Accords," *New York Times*, February 23, 1987, p. 23.
[47] *Atlanta Journal and Constitution*, February 2, 1987.
[48] Pang (fn. 19), 136; *Latin American Times*, March 30, 1987, p. 10.

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ble."[49] Instead, the banks took action to forestall the spread of the moratorium to other countries and to protect themselves in any event. The banks apparently feared two things: the spread of the moratorium to other large debtors and the pressure bank regulators placed on the banking community to tighten up accounting and business practices over deteriorating loans.[50]

The volatility of the U.S. banking industry and the heavy exposure of money-center banks in the early 1980s focused regulatory attention on the inadequacy of bank reserves. A primary objective was to force banks to increase their capital base in relation to their exposure to low-performing foreign loans. In early 1984, the main regulatory authority (ICERC) had introduced new guidelines that required banks to establish new loan-loss reserves called Allocated Transfer Risk Reserves (ATRR).[51] Under this ruling, banks would have to make specific provisions against loans to individual countries where a definite risk had been identified.[52]

In addition to passing judgment on minimum capital requirements, ICERC also has the authority to evaluate and alter the rating of foreign loans held by U.S. banks. During the ensuing negotiating period, the possibility of reclassification of these loans forced both the banks and Brazil to recognize their mutual interest in preventing such an action. A major reason for devaluing loans is the inability of banks to obtain interest arrears. Brazil ran the risk of falling into the category of "value-impaired" within six months of suspending interest payments.[53] Bank officials as well as the Brazilian authorities realized the implications of such a ruling. First, banks would immediately be required to set aside a reserve of 15 percent against assets whose value had been found to be

[49] Pang (fn. 19), 137.

[50] O'Donnell (fn. 1) argues that the rational interest of creditors is not so much to "maximize what they can collect from debtors, but to prolong the imbalance of forces entailed by the fact that, while debtors are locked in a 'prisoner's dilemma' [perpetuated by their inability to act collectively], the creditors themselves are cartelized" (p. 1159).

[51] The Inter-agency Country Exposure Risk Committee (ICERC) is composed of the head of the Federal Deposit Insurance Corporation, the comptroller of the Currency, and the Federal Reserve chairman.

[52] In the first year following such a requirement, the ATRR has to cover 10% of loans; in subsequent years, 15%. Although "specific provisions" force banks to set aside capital, creditors are able to negotiate some tax reductions against these provisions. See Graham Bird, *Commercial Bank Lending and Third World Debt* (New York: St. Martin's Press, 1989).

[53] An ICERC position paper defines the value-impaired category as applying when a country has protracted arrearages, as indicated by more than one of the following: (1) the country has not fully paid its interest for six months; (2) the country has not complied with IMF programs and there is no immediate prospect for compliance; (3) the country has not met rescheduling terms for one year; or (4) the country shows no definite prospects for an orderly restoration of debt service in the near future. See Inter-agency Country Exposure Risk Committee, "Inter-agency Statement on Examination Treatment of International Loans" (Washington, D.C., December 15, 1983).

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impaired. More importantly, banks would have to write down their loans, take their loan-loss reserves out of their capital bases, and therefore be unable to earn interest.[54] Second, according to an official at the U.S. Treasury, such a reclassification would have placed Brazil in the same category as Nicaragua, Bolivia, and Zaire—countries that had to pay higher interest rates and/or fees for credit.[55] Third, placing Brazil on a value-impaired basis would make it difficult for the banks to justify rescheduling with a new money component to their shareholders. It would be considered as "throwing good money after bad" rather than as an attempt to manage the debt crisis.[56] Both parties realized their common interest in reaching some agreement in order to avoid the costs of reclassification.

Bank regulators also intervened in the accounting practices of U.S. banks that placed loans on a nonaccrual basis. Prior to 1984, banks had to report loan payments that were more than 90 days late at the end of the quarter. Under the new rules, any loan that fell into nonaccrual at any point during the quarter had to be reported as nonaccrual. This policy move pressured banks to encourage full payment of all the overdue interest before a loan could be returned to accrual basis.

The moratorium demonstrated the debtor's willingness to declare a partial default and the banks' inability to stop Brazil. Banks were affected adversely as soon as Moody downgraded the credit rating of most of the major institutions.[57] The secondary market in country loans also reflected deterioration in the performance of those loans and the lowered market perception of the debtors' ability to service the debt. In January 1986, the value of debt of the major borrowers stood at around 73 percent of the original. By October 1987, that figure had sunk to 46 percent.[58]

Based on these fears, the banks implemented several decisions to limit the negative effects of the moratorium. First, they introduced a series of

[54] "The Pied Piper of Citicorp," *Financial Report*, August 20, 1987, p. 2.

[55] Interview with a U.S. Department of Treasury economist, November 1987. Howard P. Lehman conducted the interviews referred to in this paper during trips to New York, Washington, D.C., and London between 1985 and 1989.

[56] Author's interview with a senior vice president of an American bank, June 1988.

[57] Harry Huizinga, "The Commercial Bank Claims on Developing Countries: How Have Banks Been Affected?" in Ishrat Husain and Ishac Diwan, eds., *Dealing with the Debt Crisis* (Washington, D.C.: World Bank, 1989), 134.

[58] Jack M. Guttentag and Richard Herring, "Accounting for Losses on Sovereign Debt: Implications for New Lending," *Essays in International Finance*, no. 172 (Princeton: Princeton University, International Finance Section, 1989), 30. Cataquet defines the secondary debt market as a "forum where a bank who no longer wants to hold a loan can sell the asset to another bank in exchange for cash, or conversely." See Harold Cataquet, "Country Risk Management: How to Juggle with Your Arms in a Straitjacket?" in H. W. Singer and Soumitra Sharma, eds., *Economic Development and World Debt* (New York: St. Martin's Press, 1989), 339.

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graduated sanctions to pressure Brazil to lift the moratorium and thereby to prevent the reclassification of the loans. They immediately curtailed $60 million in short-term and commercial and interbank credits, and the advisory committee to the banks refused to endorse Brazil's request for a sixty-day renewal of short-term commercial lines of credit, leaving the decision to individual banks.[59] The banks decided to renew Brazil's short-term credit lines that were due to expire on March 31 for only thirty days. Then, on April 1, U.S. banks put Brazilian loans on a non-accrual status,[60] which led to the downgrading of some of the banks' own debt and a fall in their share prices. In a parallel move, the U.S. Inter-agency Country Exposure Risk Committee classified Brazilian loans as substandard.[61]

Second, the banks moved to preempt a spread of the moratorium by completing pending negotiations with other debtors, thus helping to isolate Brazil. Within days after the moratorium was declared, commercial banks allowed Chile to "retime" its interest payments and granted Venezuela a reduction on its spread over London Interbank Offered Rate (LIBOR) interest rates (after having ignored Venezuela's demands for ten months), while creditor governments cooperated in securing a bridging loan for Argentina.[62]

Third, individual banks began to exercise their relative power to defend their assets and their remaining foreign loans. The primary policy move for many large banks was the provisioning of capital in order to reduce their exposure in relation to their total assets. On May 19, 1987, Citicorp was the first major bank to allocate a substantial provision against possible losses on its outstanding loans. By setting aside $5 billion (a 150 percent increase in its loan-loss reserves), Citicorp sought to protect itself directly against the possibility of borrowers' defaults. By the end of 1987, U.S. banks had added $19 billion to their loan-loss reserves.[63]

[59] O'Donnell (fn. 1), 1160.

[60] Interest income recorded only when actually received.

[61] *Latin American Weekly Report*, April 16, 1987, p. 7. The classification "substandard" is a step before the more serious "value-impaired" classification. The substandard category applies when (1) a country is not complying with its external service obligations, as evidenced by arrearages, forced restructuring, or rollovers; (2) the country is not in the process of adopting an IMF or other suitable economic adjustment program, or is not adequately adhering to such a program; or (3) the country and its bank creditors have not negotiated a viable rescheduling program and are unlikely to do so in the near future. See Inter-agency Country Exposure Risk Committee (fn. 53).

[62] *Latin American Weekly Report*, March 12, 1987, pp. 6–7.

[63] Seamus O'Cleireacain, *Third World Debt and International Public Policy* (New York: Praeger, 1990), 189. It is important to note the distinction between writing down a loan and establishing a provision for a loan. The former refers to a reduction in the book value of the asset in the creditor's balance sheet to a level that reflects the asset's real net present value. Creditors make "provision against loans by putting aside reserves in low-earning but risk-

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Most observers agree that the moratorium was a response to the deteriorating trade surplus and the depletion of international reserves.[64] However, the action constituted a significant move in the Level II game. The potential political payoffs of shifting the burden of adjustment to the external arena can be observed in the stances taken by leaders from across the political spectrum. On the left, Luis Inacio "Lula" da Silva, a São Paulo trade union leader, head of the Workers Party, and a future presidential candidate, favored an indefinite moratorium on the debt, followed by repayment over a twenty- to thirty-year period at much lower interest rates. The leftist CUT and the more progovernment CGT labor confederations both backed his proposal. Leonel Brizola, leader of the Democratic Workers Party (PDT) and another future presidential candidate, proposed to set up an audit commission to uncover irregularities in how the debt was incurred. He suggested that Brazil should then pay a fixed percentage annually on the legitimate part of the debt in accordance with the country's potential to pay, at fixed low interest rates.[65]

The PMDB had approved a document in January 1987 in which it maintained that the debt had "been largely unilaterally imposed, illegal, with unsupportable interest rates, paid for out of the suffering and hunger of our people." This document called for a suspension of part of the debt and a reduction in net transfers at a fixed percentage of GDP or export earnings.[66] Castelo Branco, the PMDB minister of industry and a director of three banks, warned, "If creditors behave like a cartel, the debtors will have to behave like a cartel."[67]

With labor leaders, opposition politicians, and even the PMDB calling for a moratorium, producers clashing over prices, and Sarney's popularity on the wane, the administration clearly needed a dramatic gesture such as the moratorium to shore up its deteriorating domestic position.[68] Nevertheless, warnings against the use of such a measure for domestic

free assets in order to cover the possibility that repayments of principal or payments of interest might not be made." See Bird (fn. 52), 51. If a default occurs, the bad debt is charged against the previously established reserves rather than against the banks' income or capital base. So long as the banks estimate these losses adequately through the reserve account, current earnings are unaffected. However, banks incur indirect costs in forgone additional loans and potential income. Indirect costs may mount because, according to most national bank regulations, provisions must be maintained for at least five years after the most recent rescheduling agreement or episode of payment arrears.

[64] Smith (fn. 23), 39–74; Riding (fn. 46), 23; Baer and Beckerman (fn. 31), 35–64.

[65] *Economist*, April 25, 1987, p. 12.

[66] Ibid. According to *Latin American Weekly Report*, September 11, 1986, p. 4, political support for a reduction in debt servicing was made explicit as early as September 1986 when, at its first national congress, the PMDB approved a proposal for an immediate and substantial reduction in net transfers abroad, which Sarney promised to uphold.

[67] *Economist*, April 25, 1987, p. 15.

[68] Smith (fn. 23), 57; Pang (fn. 19), 136.

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political purposes were given by some economists, including Luis Carlos Bresser Pereira, who stated (before he became finance minister) that "it is of fundamental importance not to try to gain domestic popularity through aggressive attitudes towards foreign bankers."[69]

The moratorium did nothing, however, to address the renewed inflation unleashed by the Cruzado II Plan and the relaxation of the price freeze in February. Uncertainty and confusion over a follow-up economic policy generated apparently conflicting positions among different actors. Disagreement within the economic cabinet over the government's pricing policy led to the resignations of several members of the economic team, including the head of the Central Bank who had been accused of being too soft with private creditors in preliminary debt negotiations. This strengthened Funaro's position in the short term even amid speculation that he would eventually be made the scapegoat for the rising inflation. The PMDB seemed torn—fearing his replacement by a more conservative economist, but unsatisfied with the lack of a clear economic policy. In early April, three powerful PMDB governors called on Sarney to discuss Funaro.[70]

Business leaders were increasingly concerned about skyrocketing interest rates and curbs on domestic consumption. Fearing recessionary consequences, they, too, began to press for Funaro's removal, even though the alternatives of negotiating an IMF agreement to move the external debt negotiations along were likely to bring recessionary austerity policies. The military became increasingly restive over the "crisis of authority" and took a more visible role in maintaining order as strikes increased, sending troops to occupy state-owned oil refineries and ports.[71]

The lack of coherence in his economic team probably reflected President Sarney's own indecision in the face of conflicting pressures from the majority party, the Left, industrialists, unions, the military, and his personal political ambition. The constituent assembly was preparing to discuss the length of the presidential term and the possibility of reelection—issues that had become important to Sarney as he changed from an ini-

[69] *Latin American Weekly Report*, March 12, 1987, p. 4.

[70] Ibid., March 5, 1987, p. 4; *New York Times*, April 27, 1987, p. 23.

[71] *Latin American Weekly Report*, April 9, 1987, p. 10, and April 23, 1987, p. 8; *New York Times*, April 27, 1987, p. 23. According to the *Latin American Weekly Report* (July 9, 1987, p. 2), when labor groups demonstrated against the government's austerity program, the military warned that "as defenders of the institutions, the armed forces 'will not allow these groups to continue their disturbance and aggression.' " Sarney's sensitivity to the military's views seems to be reflected in a report on the meetings of the president: the two ministers most often consulted by Sarney in his first two years in office were the head of the SNI (the powerful military intelligence) and the head of the president's military household (*Latin American Weekly Report*, April 23, 1987, p. 8).

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tially reluctant president to one striving to attain the longest tenure possible to him.

The constituent assembly's debate over the form of government (parliamentary or presidential), the term of office, the reelection issue, and the distribution of power between the executive and legislative branches if a presidential system were retained, reflected a larger struggle for institutional political control in Brazil's transition to democracy. According to one view, the original pact negotiated in 1984 by Tancredo Neves and the PMDB-PFL Democratic Alliance envisioned that the constituent assembly's task of drafting a new constitution would be the final phase of transition, followed by direct presidential elections three to four years after the indirect election of Neves-Sarney in 1984. However, Sarney and his inner circle, backed by the military which represented continuity in the transition, argued for a term of five to six years for Sarney, a strong presidential system, and the military's role in keeping law and order. In fact, he used the economic crisis to rally support for his position, blaming the economic situation on the "crisis of political uncertainty" and arguing in a televised speech in May 1987, "Give me a five to six year mandate and full presidential powers, and we can surmount the economic crisis."[72] Sarney's concern about the length of his mandate may have been directly linked to his decision to declare the debt moratorium. According to one report, "In hindsight, Funaro's two aides concluded that Sarney's political need to restore PMDB support for his five-year mandate outweighed any economic repercussions from overseas creditors in the moratorium decision."[73]

In April 1987, in the midst of this political pressure and economic crisis, President Sarney named economist Luis Carlos Bresser Pereira, a PMDB activist, to be the new finance minister. Bresser Pereira brought a more conciliatory attitude to debt negotiations, recognizing that adjustment would be necessary to reach a debt accord.[74] At that time, Bresser Pereira reports, he assumed it would be possible to achieve a 6 percent growth rate for Brazil and to negotiate the debt "in conventional terms, according to the finance and adjustment approach" put forward by the IMF.[75] In June, Sarney approved a new austerity plan to address the 27

[72] David Fleischer, "The Constituent Assembly and the Transformation Strategy," in Lawrence S. Graham and Robert H. Wilson, eds., *The Political Economy of Brazil: Public Policies in an Era of Transition* (Austin: University of Texas Press, 1990), 250–51.

[73] Pang (fn. 19), 137.

[74] Alan Riding, "New Brazil Minister Reviving Austerity," *New York Times*, May 4, 1987, p. 38.

[75] Luis Carlos Bresser Pereira, "A Brazilian Approach to External Debt Negotiation," *LASA Forum* 19 (Winter 1989), 6.

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percent monthly inflation rate, reduce public expenditures, and stimulate exports. This plan, welcomed by the banks, eliminated the wage adjustment trigger, instituted a new ninety-day price freeze, and devalued the cruzado. At the same time, the government announced plans to begin talks with the IMF in July, though reiterating that a formal link between an IMF accord and debt restructuring was still out of the question. Talks with the international bank advisory committee were put on hold pending a new proposal from Bresser.

During the next two months (July and August 1987), Bresser tried, with little success, to convince the PMDB and the São Paulo industrialists of the need for an IMF agreement. Political and business leaders feared that a recession would result from an IMF-approved program and argued that Bresser should first try for a debt accord not linked to such a program.[76] Meanwhile, the anti-inflationary package unraveled, as Sarney refused to cut expenditures in the context of the constituent assembly's deliberations and tax increases, wage earners complained about loss of purchasing power, and producers resisted price controls.[77]

In summary, by reassuring creditors that the moratorium was temporary, Brazilian negotiators revealed the political nature of the move and the constraints they faced in the domestic political arena. They sought to gain leverage in future debt negotiations by indicating to the IMF and creditors that their negotiating room with domestic interests was limited. As the moratorium stretched on, Brazilian leaders were divided: the new finance minister favored concessions to the banks; political and business leaders held out against an IMF accord; and Sarney strove to protect his political interests. At this point, although Bresser Pereira seemed willing to accept an IMF program—a prerequisite set by the banks—he could not get it ratified at Level II.

The Rising Costs of No-Agreement: The Game Progresses

As Brazil's confrontational stance continued through 1987, international banks solidified their position against the government by drawing on their relative strength. They imposed severe cuts in trade lines to Brazil, which worsened the country's balance-of-payments position, since it had to draw funds from its foreign reserves to cover the trade credit gap. The banks also doubled the spreads on trade finance loans as a response to their perception of a greater sovereign lending risk. Recognition surfaced in the private sector that Brazil was denying itself necessary access to

[76] Pang (fn. 19) reports that nearly five hundred companies in São Paulo went bankrupt in April 1987 (p. 137).

[77] Pang (fn. 19), 138.

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external sources of capital. As the cost of obtaining trade credit rose and its availability fell, Brazilian private firms did not have sufficient funds to finance capital goods imports. Thus, the international commercial banks took the hard-line tactical position of squeezing Brazil's traders and government in order to force a resumption of interest payments.[78]

The various policy moves by creditors to protect and enhance their remaining assets only served to solidify and strengthen their financial and bargaining position. First, provisioning, in particular, assisted in restoring market confidence in the banks. By bringing actual balance sheets more in line with market perception, provisioning was a response to and recognition of reality. By the end of 1988, the exposure of U.S. banks in non-oil Third World countries had been reduced to $72.9 billion, or 54 percent of bank capital, compared with $107.3 billion, or 150 percent of their capital in 1982. Exposure of the top nine money center banks was cut from 229 percent of capital in 1982 to 91 percent in 1988.[79] Second, provisioning strengthened the bargaining position of creditors vis-à-vis debtors. By setting aside large sums of capital, creditors improved their ability to absorb any losses caused by a debtor's default. Furthermore, capital reserves meant a reduction in new money, which weakened the debtors' bargaining position.

However, by fall 1987, as the costs of no-agreement rose and became increasingly evident, there were indications that both sides had shifted in their tactical responses to each other's position and were willing to make some concessions. Given the international banks' short-term objective of obtaining the resumption of interest payments, the lead banks began to soften their hard-line stance. The moratorium was costing the creditors around $500 million a month, which by September 1987 amounted to a total of $3.5 billion in interest arrears.[80] The rupture in interest payments brought down the price of bank shares, and the continual erosion through discounting of the value of loans resulted in a critical review of bank portfolios by (ICERC) U.S. bank regulators.[81]

The costs to Brazil were also high. According to a U.S. bank's internal memo, both the World Bank and various export credit agencies had cut disbursements to Brazil, leading to a shortage in trade credit.[82] William Rhodes of Citibank has calculated that the interest payment moratorium

[78] Paul Luke, *The Latin American Debt Problem: An Evaluation* (London: Libra Bank, 1988), 31.

[79] O'Cleireacain (fn. 63), 6.

[80] "Debt Crisis," *Latin American Markets*, September 21, 1987, p. 2.

[81] U.S. Treasury, "Proposal with Respect to Certain Brazilian External Debt Held by Commercial Banks," September 25, 1987, p. 2.

[82] Internal memo, July 21, 1987.

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cost Brazil some $1.5 billion in lost interest rate reductions from delayed restructuring, cancellation or higher costs of trade lines, loss of new funds from multilateral agencies, and capital outflows.[83] According to a U.S. Treasury official involved in these negotiations, Brazil's short-term financial status in November was vulnerable to bank leverage. During the October stock market crash, banks withdrew money from Brazil to obtain cash for their shareholders. Moreover, the cutting of trade lines resulted in a drop of trade loan maturity to only fifteen days, which constrained Brazilian traders. Without sufficient short-term loans, Brazilian interbank funds were drying up, affecting their capacity to finance Brazilian projects.[84]

By the time of the ICERC meeting in fall 1987, the injection of regulatory agencies examining the classification of loans and the threat of their being reclassified as "value-impaired" forced Brazil and the banks to the negotiating table by winter.[85] In the face of these pressures, both sides sought to find common interests to ratify an agreement.

Bresser Pereira maintains that by August he had realized that the conventional approach of interest financing with adjustment had failed and that a new approach based on some type of debt relief would be required. By aggressively pursuing their objective of asset protection, private creditors only affected the *nature* of the loans. The previous series of policies had not altered the *value* of those claims from the perspective of the debtors. Increasing loan-loss reserves is quite different from actually writing down the debt. Although Bresser Pereira became aware of various solutions—involving conversion of the debt to discounted bonds guaranteed by the creditor countries through the IMF and World Bank—and in fact proposed the creation of a debt authority in September 1987, he also knew he could not wait for global consensus on a new approach. He therefore presented a proposal to the advisory committee for a "partial and negotiated conversion of present debt into new bonds, either with the same face value but fixed rates of interest below market rates, or with a discounted value and interest at market rates."[86]

From Bresser Pereira's perspective, the banks felt threatened and the U.S. government considered itself challenged by a debtor country taking a new initiative on the debt problem, namely, the need for a mandatory discount on the debt.[87] But the banks were not ready for such an inno-

[83] William R. Rhodes, "An Insider's Reflection on the Brazilian Debt Package," *Wall Street Journal*, October 14, 1988, p. 13.
[84] Author's interview, November 1987.
[85] Author's interview with a senior vice president of an American bank, June 1988.
[86] Bresser Pereira (fn. 75), 7.
[87] Ibid.

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vation, and they rejected the proposal out of hand. By October, Bresser had another plan, which called for new credits of $10.4 billion to finance the interest due with no spread over LIBOR, and with voluntary rather than mandatory conversion.[88] Although this plan was supported by both business and military leaders in Brazil, the banks' reaction remained noticeably cool. Nevertheless, Bresser's rapid presentation of alternative plans indicated his desire to find an acceptable compromise.

The banks held firm in their demand for a resumption of interest payments prior to any rescheduling agreement. They demanded, and received, a "token" payment of $500 million by late October. This payment and a later one of $1 billion were held in escrow until agreement was reached on Brazil's debt and on lifting of the moratorium. The stalemate between the banks and Brazil finally ended in November 1987 with the signing of a short-term package serving as an interim debt agreement. Brazil obtained a short-term loan of $3 billion from the banks, carrying a 0.875 percent spread over LIBOR and payable by June 30, 1988, when the longer-term finance package would be in place. In exchange for the short-term loan, Brazil resumed interest payments, agreed to consult with the IMF, paid all interest in arrears, and provided a 0.25 percent fee, plus an additional 0.25 percent fee to banks for early participation.[89]

This short-term finance agreement reflected a partial convergence of concerns among the Level I negotiators. Until this point, the banks and Brazil had not been able to reach any significant agreement. Brazil had continued to reject any linkage between a return to the IMF and an agreement signed with commercial banks. Yet, according to Bresser Pereira, Brazil "yielded to the U.S. government" and signed the interim agreement to "demonstrate its willingness to end the moratorium through a process of negotiation."[90] The banks, on their part, had pressed Brazil for an IMF linkage as well as a partial payment of overdue interest. But cracks in the banks' unity—among the banks themselves and between banks and official creditors—strengthened Brazil's position. Citibank's provisioning move forced many U.S. banks to decide whether to exit or to remain by building up reserves. Provisioning became a competitive measure that drove a wedge between relatively small banks and the larger banks. During periods of economic crisis, small banks would rather withdraw from a hazardous lending environment by using the secondary market to exit (and hence accept discounts on their loans)

[88] Ibid.

[89] Katherine Sieh, "New Debt Agreement Reached," *Infobrazil*, November 1987; "Deal with Banks Ends Moratorium," *Latin American Regional Reports: Brazil*, November 26, 1987, p. 6.

[90] Bresser Pereira (fn. 75), 7.

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rather than lay aside relatively scarce capital into reserves. Large banks, on the other hand, which cannot easily exit due to their substantial exposure, are less likely to accept discounts on the secondary market and more likely to create reserves to protect their remaining loans. Provisioning also spawned tension between U.S. and non-U.S. banks. Since the former historically have smaller loan-loss reserves than the latter, provisioning would force them to contribute more capital to these reserves in order to compete effectively with non-U.S. banks.[91]

Provisioning was also at the base of a second rift within the regime—between private creditors and official creditors. A major concern for official creditors was the reduction in the supply of new bank loans caused by the creation of reserves. Banks were unwilling to provide new money to debtor governments since they also would need to set aside additional capital against the new loans. In the Baker Plan, the United States government had committed itself to a new lending program that relied heavily on private creditors. Moreover, the private banks, according to one analyst, wanted to send a message to the IMF and the World Bank that, because of "excessive pressure" put on them to increase their share of capital, "the official sector should be doing more to help resolve the debt problem, not only in making financial concessions and in refurbishing conditionality, but also in terms of orchestrating and taking an overall lead in the approach to the Third World debt."[92] The long-term benefit of continued collective action was seriously weakened as individual banks pushed for a relaxation of the IMF-linkage in order to obtain some interest payment. An IMF economist acknowledged this dilemma when he said in an interview that "banks first of all want to get paid, and they will seek approval only if an IMF program helps in being paid."[93] A senior economist with a U.S. investment bank was even more forthright: "Banks ultimately must protect themselves. They have to decide what is good for the banks and for profit. IMF approval should be separate from commercial banking." In the end, he said, "banks and the IMF might have to part company."[94] By the late 1980s, another observer concluded that the IMF had become a "political liability" to international creditors.[95]

[91] In early 1987, European loan-loss provisions averaged between 30 and 70% of all debtor loans, while the provisions of British, Japanese, and American banks averaged only 5%; see O'Cleireacain (fn. 63), p. 207. A partial equalization of tax and accounting indicators took place by 1989 because of the Basle accord. Banks also are subject to national regulatory, tax, and accounting diversity that serves to intensify further bank competition. See Bird (fn. 52); and Huizinga (fn. 57).

[92] Bird (fn. 52), 66, 71.

[93] Author's interview, November 1987.

[94] Author's interview, June 1988.

[95] Devlin (fn. 4), 228.

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At the banks' Level II, then, the cost of no-agreement began to push some constituents to want an agreement even more than the negotiators did, a position which, in Putnam's framework, should strengthen the opponent's negotiating hand.[96] The banks and Brazil did reach an understanding in which Brazil agreed to "consult" with the IMF, but Bresser Pereira reiterated Brazil's refusal to link rescheduling negotiations with the IMF. Thus, the banks got an interim agreement which they considered a necessary step toward a major rescheduling package, but they also made concessions regarding the role of the IMF.

Furthermore, Bresser Pereira privately decided with Sarney that, if an agreement was not reached by January 29, 1988, Brazil would dismiss the advisory committee and negotiate the conversion approach with individual banks.[97] Bresser Pereira did not have a chance to complete the negotiations, however: domestic opposition to his policies grew, with political leaders calling the interim accord a capitulation to the banks, inflation continuing to resist efforts at control, and resentment intensifying toward his new wealth tax plan. On December 20, 1987, he resigned when he became convinced that, in his words, the government was not "ready to seriously fight the public deficit by demanding effective sacrifices from workers and from business enterprises."[98] From his perspective, Brazil needed, first, to adopt strong measures vis-à-vis creditors to reduce the external debt *and*, second, to pursue internal adjustment.

Convergence of Interests: The Completion of an Accord

Frustrated by the lack of progress on all sides, President Sarney apparently decided in favor of a more orthodox approach to Brazil's economic and debt problems. He replaced Bresser Pereira with a man of his own choosing rather than one imposed on him by the PMDB, and instructed him to "end the public sector deficit, counter inflation and generate new investments and jobs."[99] The new finance minister, Mailson Ferrera da Nobrega, was a career technocrat with no binding party loyalty, but he was supported by conservative factions of the PMDB and leading São Paulo businessmen. Nobrega faced continuing inflation of 20 percent monthly, rumors of a coup threat in response to inflation and recession, and a new wave of strikes, including one affecting the national railway. In addition, popular support for immediate direct elections continued to

[96] Putnam (fn. 2), 458.
[97] Bresser Pereira (fn. 75), 7.
[98] Ibid., 7.
[99] *Latin American Regional Report: Brazil*, February 11, 1988, p. 3.

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build, with polls showing 60 percent of Rio businessmen and 80 percent of the general public favoring only a four-year term for Sarney.[100]

The departure of Bresser Pereira signaled the constraints faced by Brazilian negotiators at Level II; still, Sarney needed an agreement, and Nobrega searched for overlapping interests. He first visited São Paulo, where he made clear his intentions to pursue an agreement with external creditors so as to generate new loans for economic growth. He attempted to persuade the business community that talks with a "changed" IMF would not result in recessive policies. While welcoming Nobrega's appointment, business leaders reportedly asked him to guarantee that the government would not accept recessional IMF policies.[101]

Nobrega then moved quickly: in February 1988, he reached a tentative agreement with the bank advisory committee, by which the banks would provide $5.8 billion in new loans to refinance the past-due interest, restore short-term credits, and reschedule $61 billion of Brazil's long- and medium-term debt. In return, Brazil brought its 1988 interest payments up to date and moved to make some domestic reforms. The international banks still urged Brazil to consult with the IMF on an ambiguous program of economic adjustment; in a separate negotiating process, Japan was reportedly insisting on a prior accord with the IMF, commercial creditors, and the Paris Club before committing up to $4 billion in loans for investment projects.[102] Since, however, as one banker mentioned, "75 percent of the game of lending is interest repayment," Brazil's acceptance of keeping interest payments current had lessened the urgency of an IMF plan.[103] During this preliminary discussion, Brazilian officials made it clear that the government would accept a rescheduling agreement only if it allowed Brazil to *consult* with the IMF on economic policy issues instead of imposing a strict commitment to a traditional IMF austerity program. The banks were willing to cast aside the traditional linkage of an IMF austerity package with a new money accord in order to be repaid, and Brazil agreed to begin talks with the IMF.

Brazil was seeking a general plan of adjustment without having to set specific economic targets for each component. Although they still needed some agreement with the IMF to help the negotiations with creditor banks, the Brazilian authorities understood that the possibility of the debt being declared "value-impaired" posed in some ways a greater

[100] *Latin American Weekly Report: Brazil*, January 21, 1988, p. 2; *Latin American Weekly Report*, February 18, 1988, pp. 4–5.
[101] *Latin American Regional Report: Brazil*, February 11, 1988, p. 3.
[102] Ibid., July 7, 1988, p. 5.
[103] Author's interview with a British bank economist, June 1988.

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threat to the banks than to themselves.[104] Brazil sought a convergence of interests, betting that if it undertook some economic reforms without any firm IMF agreement, the banks would finalize a major rescheduling and refinancing package. Nobrega therefore proposed to freeze public sector wages (including those of the armed forces) and to sell off public firms to reduce the large government budget deficit. His efforts were initially stymied, however, by Level II politics, as Bresser's had been earlier: President Sarney—under heavy pressure from military ministers, state officials, the labor minister, the PMDB, and even producers who feared a fall in consumers' purchasing power—authorized wage increases over Nobrega's threat to resign.[105]

Even though Sarney was ready to make some concessions to allow Brazil's return to the international financial marketplace, at home he needed to boost his sagging political support and to strengthen his position in the constituent assembly. He was helped when the constituent assembly decided to postpone public hearings on the external debt until after the constitution was approved, giving him breathing space and negotiating room on the debt issue.[106] Further, in late 1987, a center-right coalition emerged in the constituent assembly—the Centrao (Democratic Center), made up of conservative PMDB members and most of the PFL and PDS. It divided the PMDB and, along with the military, it pushed for a presidential system and a five-year mandate for Sarney.

After an intense week of pork-barrel politics and executive distribution of "favors," accompanied by rumors of a military coup if a parliamentary system were adopted, the constituent assembly approved, with a surprisingly large majority, a five-year presidential system rather than a parliamentary system with a four-year presidential term. This personal victory gave Sarney some much-needed political room to maneuver, and was a crucial condition in the movement toward a debt agreement because he no longer had to contend with the issue of the length of his term and could negotiate without fear of immediate electoral consequences. At this point, he heeded Nobrega's advice and announced a two-month freeze on public sector wages, hoping to spur the banks on to approve the debt accord. In May 1988, an IMF mission arrived in Brazil to work out the basis for a new IMF loan and to conclude an agreement with the commercial banks, which were still demanding IMF approval before

[104] Bresser Pereira was aware of the impact of this regulatory classification when he remarked in October 1987 that "I am interested in getting out of the moratorium, but the banks are even more interested than I am." See "New Plan Suggests Thorny Debt Talks," *Latin American Regional Report: Brazil*, October 22, 1987, p. 6.

[105] *Latin American Weekly Report*, March 17, 1988, p. 9.

[106] Pang (fn. 19), 139.

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signing the debt accord. In early June, the IMF agreed to grant Brazil a stand-by loan of $1.5 billion, half of which was to be paid upon signature of the agreement in July or August.[107] Then, on June 23, the bank advisory committee signed the debt accord, rescheduling $62 billion and providing $5.2 billion of new credits. In July, the IMF letter of intent was signed, and by September, a sufficient number of banks had agreed to the debt accord to ensure its approval. The first disbursement of $4 billion of new money was made in November 1988.[108]

The Debt Accord: Resolution

Brazil had come nearly full circle since February 1987, when it imposed a moratorium on interest payments. Nobrega recanted the moratorium policy and, in a series of conciliatory moves, sought to return to the fold of the international financial system. Representatives of both players of the Level I game publicly stated that the agreement was in their best interest. Citibank's chief negotiator, William Rhodes, maintained that this was "the most extensive and innovative menu of proposals" yet included in a rescheduling package and that it "may point the way to the future in the management of the debt crisis."[109] Minister of Finance Nobrega called it "the best agreement in Brazil's history."[110] Privately, a majority of commercial banks interviewed also favored the agreement in general. One of them concurred that "this was a second-best outcome in which there was something for everyone. Both the IMF and the banks were able to save their face. It was not the most thoroughgoing package that came out of the IMF; far from it. It was subject to some slippage. However, at the end of the day, banks simply want their interest repaid."[111] Not only did the banks obtain an immediate interest payment and promise of more to come, but Brazil paid an additional commitment fee to those banks willing to participate immediately. "The pragmatic package," according to two British bank economists, "keeps Brazil in the fold at least until 1991."[112]

In Brazil, the reaction was mixed. The positive statements of public officials such as the finance minister, stressing the absence of a formal IMF linkage, illustrate the need for the face-saving measures agreed upon

[107] *Latin American Weekly Report*, April 21, 1988, pp. 10–11, and June 16, 1988, p. 7.

[108] Ruben Lamdany, "The Market-Based Menu Approach in Action: The 1988 Brazil Financing Package," *Discussion Papers* 52 (Washington, D.C.: World Bank, 1989), 4.

[109] Stephen Fidler, "Banks Agree on 'Innovative' Approach," *Financial Times*, June 23, 1988; "Brazil to Sign Debt Pack with Foreign Banks Today," *Wall Street Journal*, September 22, 1988, p. 4.

[110] "Debt Rescheduling Accord Ready," *Gazeta Mercantil*, June 27, 1988, p. 3.

[111] Author's interview with a British bank economist, June 1988.

[112] Author's interview with economists of a British bank, July 1988.

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by the banks, the IMF, and the Brazilian government in recognition of the pressures from the Level II domestic political game. Nevertheless, the Senate's foreign debt commission protested the debt deal, charging that Nobrega omitted fundamental information from the text submitted to Congress, such as whether principal repayment would actually begin in 1991 or 1995; and leaders of the recently formed PSDB (a dissenting faction of the PMDB) accused Nobrega of "betraying Brazil's interests."[113]

Similar to Mexico's 1986 accord, the agreement placed emphasis on a multiyear rescheduling strategy in contrast to refinancing every one or two years. Thus, Brazil and the banks agreed to reschedule $62 billion, equivalent to 95 percent of the medium- and long-term debt owed to international banks, over twenty years, with an eight-year grace period, at an interest rate margin of 13/16 percentage points over LIBOR. This figure was significantly lower than the average Latin American margin of about 1.7 percentage points and Brazil's previous margin of 1.5 percent.[114] It represented a compromise between Bresser's proposal of no spread, and the previous spread of 1.5 percent, over LIBOR.

The constituent assembly had decided in late August that Congress should approve the main international agreements and treaties, including foreign debt accords.[115] Recognizing the domestic opposition to the accord, Nobrega therefore rushed to sign it on September 22, before the new constitution was promulgated on October 5, thus avoiding having to submit it for formal ratification.

Under the accord, Brazil received $5.2 billion in new money to refinance interest due in 1987, 1988, and the first half of 1989, also at a 13/16 percent per year spread above LIBOR, to be repaid over twelve years with a five-year grace period. This package contained four different options to attract bank participation: (1) $750 million in cofinancing with the World Bank; (2) $2.85 billion in parallel financing with the World Bank; (3) a new $600 million medium-term credit line to finance exports and imports; and (4) a subscription of $1 billion in new money bonds.[116] An expanded menu of options offered a greater range of choices for individual banks as they decide whether to provide new money or to exit from the agreement. These options included exit bonds, debt-equity conversions, and up-front commissions to banks that agreed to the accord

[113] *Latin American Weekly Report*, July 23, 1988, p. 10.

[114] Fidler (fn. 109), 3. Some economists argued that the reduction in interest rates spreads achieved after a year of negotiations had in September 1988 already been wiped out by the rise in the LIBOR. *Latin American Regional Report: Brazil*, October 20, 1988, p. 2.

[115] Ibid., 5.

[116] "Debt Rescheduling Accord Ready" (fn. 110), 3.

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promptly.[117] Although the banks had rejected Bresser Pereira's attempt at debt relief through a debt-bond conversion for half of Brazil's commercial debt, they responded positively to the much more limited relief implied in the exit bond deal. Finally, Brazil immediately resumed interest repayment by remitting $1.35 billion to cover interest accrued in the first part of 1988.

From the perspective of some bankers, the major weakness of the agreement was the absence of effective IMF control over the disbursements. In a significant departure from previous rescheduling negotiations, the commercial banks agreed on a loose arrangement with the IMF. Brazil contracted only to "undertake to have in place an IMF-supported program until 1994."[118] The government adamantly opposed bank loan disbursements subject to specific economic targets. The Brazilian ambassador to the United States maintained that there was "no real and rigid linkage since Brazil bargained hard." He did, however, recognize an implicit assumption of IMF approval.[119] Other embassy officials stated that direct linkage did not exist since Minister of Finance Nobrega had announced some adjustment measures before the IMF mission arrived.[120]

Some bankers, however, are concerned about "the slippage between the soup bowl and the lips," as one observer put it.[121] Under the agreement's terms, the first loan installment (amounting to almost 80 percent of the total new money package) was to be independent of Brazil's economic program. Thus, in November 1988, Brazil obtained $4 billion, which it was to return directly to the banks in the form of interest payments. The next installment of $600 million was to be paid upon the IMF's evaluation of Brazil's economic progress, but no specific targets

[117] First, Brazil issued $5 billion in exit bonds carrying a 6% interest rate over twenty-five years. Banks can exchange a loan for bonds issued by Brazil, but at a lower interest rate. Banks can then reduce their loan exposure and Brazil can reduce its indebtedness. Over one hundred banks have subscribed to the exit bonds, as compared with only two banks under the 1987 Argentine accord. For a complete discussion of exit bonds, see Lamdany (fn. 108), 6. The second option is the debt-equity conversion, in which a bank may exchange a loan at market (discounted) rates for local currency that it can use to invest in the debtor nation. A recent report by the advisory committee comprising the leading commercial banks with exposure in Brazil urged the government to expand its debt-equity program. See Peter Truell, "Brazil Could Cut Foreign Bank Debt by $19 Billion by 1994, Study Says," *Wall Street Journal*, August 23, 1988, p. 6. Although Brazil made $6 billion of debt-equity swaps in 1988, Nobrega recently stated that the program would be cut back in 1989 because of its inflationary consequences. See Peter Kilborn, "Debt Reduction: Ways to Do It," *New York Times*, April 6, 1989, p. 27. Finally, as an incentive to obtain the required 90% of Brazil's seven hundred creditor banks, the Brazilian government agreed to pay ⅜%, and ⅛% commissions, respectively, to banks that adhered by August 5 and September 2, 1988.

[118] Lamdany (fn. 108), 6.

[119] Author's interview, June 1988.

[120] Author's interview, Washington, D.C., June 1988.

[121] Author's interview with an adviser to an American bank, June 1988.

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were set to measure the success of the program. The final installment of $600 million was to be determined by Brazil's meeting of the economic goals set by the IMF. However, banks are allowed to vote in favor of the third disbursement even if the targets have not been reached.[122] Some bankers expressed concern over the IMF's acceptance of a weak program that ignored Brazil's 600 percent inflation and provided only ambiguous economic targets.[123] According to the bankers, international banks and the U.S. Treasury pressured the IMF to "get on board" with this rescheduling program as a sign that the debt crisis in a major debtor nation was being settled (at least temporarily).[124]

To counter this weak linkage policy, the banks were able to insert into the agreement a clause that permits them to seize Brazilian assets in the event of a default on the debt. The government tried in vain to obtain a waiver of the attachment since it strikes at Brazil's sovereignty. A compromise allowed that only commercial assets would be seizable.[125] On the other hand, Brazil won the elimination of the banks' right to embargo Brazilian goods in case of nonpayment, a provision included in twenty-six previous rescheduling agreements and considered almost standard.[126] In order to gain ratification by constituents, both sides glossed over the potentially damaging concessions each had made. Nevertheless, implementation of the international accord proved difficult within Brazil as the government's ability to sustain its own austerity policies was challenged. The wage freeze implemented by Nobrega in April and May 1988 was ruled unconstitutional and was undermined when individual ministers granted unauthorized wage increases. Under the new constitution, Congress was granted the authority to approve cuts in federal government subsidies to states, which it was reluctant to do. A battle over congressional approval of a reduced budget loomed in October 1988, and negotiations of an anti-inflation social pact between unions and the private sector broke down in the same month. Indeed, in the year following the signing of the debt accord, actions of both Level I negotiators demonstrated the problems of continued support and implementation of the agreement. During the summer of 1989, creditor banks refused to disburse $600 million to Brazil until the government reached an agreement with the IMF. Brazil then used the banks' refusal as justification for having to suspend debt interest payments. This so-called white moratorium

[122] Fidler (fn. 109), 3.
[123] Author's interviews with economists at two British banks, July 1988.
[124] Author's interviews with economists at British and American banks, June 1988.
[125] Author's interview with Brazilian embassy officials in Washington, D.C., June 1988; *Latin American Regional Report: Brazil*, July 7, 1988, p. 5.
[126] *Latin American Weekly Report*, June 30, 1988, p. 7.

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linked payments of debt interest directly to Brazil's foreign reserves position. In July 1989, Brazil suspended an $812 million interest payment to its Paris Club creditors; another delay in paying $980 million followed in January 1990.[127]

III. Explaining the Dynamics of the Two-Level Game

The previous section examined the unfolding of a series of moves and countermoves by the Brazilian state, its domestic constituents, and international creditors over a difficult four-year period, which ultimately produced an international agreement that could be ratified by constituents of each side. In general terms, at the international level (Level I), debt negotiations constitute a game of strategic bargaining in which the choices of each actor are determined by the choice made by the other actor, and the outcome is achieved through negotiations between or among players.[128] In more specific terms, however, choices are also determined by the need for ratification by the constituents of each negotiator (Level II), thus producing an interaction between international and domestic levels for each side as well as the potential for communication and influence across sides. The stages of the negotiation reflect changes in the strength of each negotiator at Levels I and II as well as changes in the costs of no-agreement. Thus, we demonstrate the utility of the two-level game in predicting negotiating strategies based on these two variables.

The negotiations under the new civilian government, which eventually produced the 1988 debt agreement, began in a context of temporary strength for Brazil at Level I (with vibrant growth and trade surpluses negating the need for new money to service the debt), but weakness at Level II (with the new government beginning its term with only a modest electoral mandate). Perceiving little domestic cost if no agreement were reached immediately, the new finance minister took a hard-line position in the international negotiations (as we predicted) and removed the option of an IMF-linked accord from the negotiating table in September 1985, causing a temporary breakdown of negotiations in 1985–86. For their part, the banks, perceiving little costs for no-agreement since Brazil continued to make its interest payments and was in a position of

[127] *Latin American Regional Report: Brazil*, August 10, 1989, October 19, 1989, and February 15, 1990.

[128] Thomas Schelling, *The Strategy of Conflict* (Cambridge: Harvard University Press, 1960); Robert Axelrod, *The Evolution of Cooperation* (New York: Basic Books, 1984); Robert Axelrod and Robert O. Keohane, "Achieving Cooperation under Anarchy," in Kenneth A. Oye, ed., *Cooperation under Anarchy* (Princeton: Princeton University Press, 1986); Duncan Snidal, "The Game *Theory* of International Politics," in Oye.

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at least equivalent strength at Level I, also took a hard-line stance, preferring no-agreement to one without IMF monitoring.

The next stage began with the Cruzado Plan, as the Sarney administration sought to get a handle on an economy that was rapidly moving out of control. Formulated in secret and announced in February 1986, the plan was an attempt to control inflation through a nonorthodox strategy, thus constituting a cooperative move at the domestic table. Because of domestic political pressures engendered by the upcoming legislative elections in November 1986, the modification of the Cruzado Plan was postponed, and eventually a more orthodox stabilization plan (Cruzado II) was adopted to correct the severe economic disequilibria. Temporarily strengthened by the election result, the government imposed Cruzado II. Though perceived by labor as a defection in the domestic game, it constituted a cooperative move at the international table. Thus, Brazil indicated its willingness to consider IMF-like policies, even though an explicit IMF linkage was still not on the table. Consequently, the Paris Club agreement in January 1987 provided Brazil with some breathing room and leverage in renewed negotiations with the commercial banks.

The subsequent stage of the game occurred in February 1987 when Brazil, almost in desperation, resorted to its most important source of leverage vis-à-vis its creditors and announced a partial moratorium on its external debt to the commercial banks. Weakened at Level II by the uproar over the austerity policies and the incoherent economic program, and at Level I by the drastic fall in international reserves, Brazil, as predicted, took a risky, hard-line strategy. The moratorium was clearly a political move in the domestic game to bolster the government's sagging political standing. Yet, it also was a bargaining strategy by Brazilian negotiators to force concessions from the banks. By stressing that the moratorium was only a temporary move to protect international reserves and to avoid political instability, Brazilian negotiators were indicating the domestic limits on their maneuverability in debt negotiations. They were thus able to soften the defection in the Level I game by professing a desire to cooperate with the banks if domestic political and economic circumstances would allow, while, at the same time, turning a domestic weakness into an international bargaining strength.

The banks responded to the moratorium with sanctions—an attempt on their part to make strategic use of their own sources of strength to win concessions from Brazil. With the use of negative leverage by both sides, the costs of no-agreement continued to rise for both players and constituents pressed for progress on the negotiations. The sanctions, especially the trade credit squeeze, produced internal divisions in Brazil: parts of the private sector and PMDB leaders began to press for Funaro's

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ouster and for movement on the debt negotiations. As commercial lines of credit dried up and inflation and interest rates continued to rise, capital defected and began to demand negotiations and an end to the moratorium. Labor also defected as real wages declined, initiating strikes to demand the automatic wage trigger. Hurt by the loss of interest revenue, bank constituents began to press for a relaxation of the IMF linkage requirement in the negotiations. Despite the search for a compromise and the appointment of a new finance minister, the negotiations dragged on until November 1987, when an interim accord was reached in which each player made significant concessions: Brazil agreed to resume interest payments and to consult with the IMF; the banks agreed to forgo a formal IMF linkage and to provide new money.

After yet another new finance minister was appointed in December 1987, further progress was made in the negotiations. After Funaro, each subsequent finance minister had been more conservative and conciliatory toward the banks, and the appointments had become less political. Even so, divisions remained between the president and his finance minister, especially as the domestic political debate over the new constitution prevented Sarney from supporting Nobrega's calls for more austerity. International pressure from the commercial banks may have reinforced Nobrega in his dealings with Sarney, but it was not until the constituent assembly had approved a five-year presidential term for Sarney in March 1988 that, in his newly strengthened political position at home, the president gave the green light for more austerity and for consultations with the IMF. These cooperative moves, made from a position of relative domestic strength, opened the door to an international agreement. The Brazilian negotiators could not go so far as to accept a formal IMF linkage, however, because of the likelihood that it would not be ratified at Level II. In other words, labor, politicians in the PMDB, and even business sectors would not accept an IMF-linked agreement. Thus the government was motivated by the Level II game to make a cooperative move at Level I but was constrained in the nature of the move by domestic politics (Level II). For its part, the bank negotiating committee, under pressure from its own constituents, extended a cooperative move by agreeing to forgo formal IMF approval prior to signing the debt agreement. Negotiations with the advisory committee were completed quickly as the costs of no-agreement continued to mount for both sides. All negotiators sought mutually acceptable concessions that could be ratified by their respective constituencies.

Our application of the Brazilian debt negotiations to the two-level game is restricted by this article's focus on one set of the game, that is, the domestic influence on the negotiations. A complete demonstration of

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the two-level game concept would require further research into the internal bargaining within individual creditor organizations. We can arrive at several conclusions, however, about the comparative strength of using a two-level game concept in explaining outcomes of international negotiations. Specifically, the case study highlights the significance of interaction between negotiators and their constituents at both levels.

First, the Brazilian case supports the proposition that as the costs rose for both sides, negotiators were forced to seek a compromise. As long as costs were low for each side—Brazil with high growth rates and trade surpluses, the banks receiving interest payments—both sides pursued their hardest line in the strategic bargaining game, and negotiations broke down. In this case, the failure to reach an agreement actually led to a worsening of the situation rather than to simply maintaining the status quo: Brazil responded to domestic pressures with a moratorium, and the banks retaliated. As the cost of no-agreement rose, constituents on both sides began to pressure negotiators until they were forced to reach a compromise.

A two-level analysis is superior to a one-level analysis that would only examine the costs of no-agreement in international bargaining. A one-level analysis does not explain why, for example, the hard-line stances of the moratorium and the sanctions were taken in the first place, leading to the drastic rise in the cost of no-agreement. The explanation requires an examination of the domestic political and economic game. A one-level analysis also does not explain why an agreement was delayed after 1987, when both sides realized their mutual interest in reaching an agreement. This explanation requires an inquiry into the internal politics of the constituent assembly over the term and scope of presidential power, and the cracks in the banks' unity as they responded differently to the rising costs of no-agreement.

A second point concerns the practice and effectiveness of Level I negotiators in manipulating the perception of domestic weakness and turmoil to their advantage in negotiations with creditors, especially in the context of a transition to democratic politics. Putnam suggests that a strong, autonomous state will reach an agreement more easily because of its ability to ensure ratification of a more comprehensive set of proposals but that, paradoxically, a weak state can argue that any further concessions would not be ratified by its constituents—thus gaining strength out of weakness.[129] The ambiguity of this proposition is reflected in the Brazilian case. The Brazilian state is traditionally strong vis-à-vis civil soci-

[129] Putnam (fn. 2), 460.

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ety. For example, a history of authoritarian corporatist structures has prevented the establishment of strong interest-group associations at the national level (especially among labor) that are capable of negotiating with the state and with other interest groups. In the context of the transition to civilian rule, however, the Sarney administration was weakened not only by the lack of a popular mandate, but also by the military's active role in politics, a powerful and vocal industrial lobby, an increasingly vociferous labor movement, and the debates within the constituent assembly. In this way, the domestic politics of the transition to democratic rule limited the government's ability to impose concessions on its own constituents, except in the immediate aftermath of two political victories—the November 1986 constituent assembly elections and the constituent assembly's approval, in March 1988, of a five-year presidential term. Consequently, the new civilian president sought alternately to win concessions from the banks and to impose concessions (in the form of austerity) on his domestic constituents, depending on the ebb and flow of his perceived domestic political strength.

In the end, the Sarney administration did negotiate a more favorable agreement than its authoritarian predecessors. For one thing, problems of ratification led Brazilian negotiators to reject formal IMF linkage and bank negotiators to concede the point. Brazil also received preferential treatment by its creditors with the break in the IMF–Paris Club link. Previous programs with Paris Club creditors had required a formal IMF agreement; Brazil was the first debtor country to avoid that relationship. Prior to the establishment of a democratic regime, Brazil's rescheduling packages had been entirely dependent on coming to terms with the IMF and with effective implementation of an IMF program. On several earlier occasions, the IMF had suspended its loan arrangements because of a failed program.[130]

Furthermore, as a fragile democracy, the government also obtained strong support from the United States. According to Kaufman's study of economic adjustment in Argentina, Brazil, and Mexico, in order "to avert confrontations with the larger debtors, [the United States and other creditor governments] frequently pressured the IMF and the private banks to show greater flexibility in the conditions they imposed on assistance and debt rescheduling."[131]

In addition, the financial terms of the 1988 agreement reflected Brazil's bargaining strength. Compared with previous IMF–bank–Brazil agreements (which were later suspended), this financial package re-

[130] Aggarwal (fn. 1), 64.
[131] Kaufman (fn. 1), 114.

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warded Brazil with lower interest rates, a substantial amount of money up front, a generous maturity period, and an improved exit bond subscription.[132] The benefits offered were partially offset by Brazil's acceptance of informal consultation with the IMF and the implementation of its own austerity measures.

Overall, the case supports the notion that domestic weakness derived from a democratic transition can be used as a source of international bargaining strength—an outcome contrary to the prediction of the unitary actor model. We should caution, however, that while it appears that Brazilian negotiators cleverly softened the moratorium with their professed desire to cooperate with bankers, our data do not provide conclusive evidence that they consciously used their domestic weakness as a bargaining strength or that they effectively exploited that weakness to win the largest possible concessions from the banks.

Third, a two-level framework permits an analysis of crosscutting influences that affect the bargaining stance of Level I negotiators.[133] As we argued above, negotiators seek a convergence of bargaining demands either by persuading their own constituents to offer concessions or by seeking concessions from the opponent until win-sets converge. The latter condition may be achieved by convincing the opposing constituency of the costs of no-agreement or of the benefits of an agreement. In other words, reverberation may occur as Level I actors provide benefits to the opponent's domestic constituents in an attempt to win their support of an agreement, or as they use threats and potential punishment against Level II members in an effort to produce an agreement. Level I negotiators thus may use a "carrot" or a "stick" approach during negotiations in order to influence the economic impact of the potential agreement.

This process appeared to be at work in the Brazilian case as each negotiator was able to win concessions from the other after bank sanctions and the Brazilian moratorium "reverberated" in constituent politics, producing shifts in the domestic balance that ultimately influenced the international negotiations. In particular, the banks' sanctions, especially the constriction on trade credits, led to an outcry by the private sector and to pressure to move forward with negotiations. Similarly, the cost of a moratorium produced potential bank defections and a move toward concessions on the part of creditors. In the case of Brazil, bank negotia-

[132] Lamdany (fn. 108).

[133] This point derives in part from Putnam (fn. 2). He writes that "international pressures 'reverberate' within domestic politics, tipping the domestic balance and thus influencing the international negotiations" (p. 454).

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tors and the government relied primarily on the "stick" approach to bring about the signing of the final agreement.

Fourth, the Brazilian case clearly shows that, while the motives of the chief negotiator are important, the latter does not always act as an independent agent working on behalf of its constituents.[134] Modeling the state as negotiator requires an analysis of the coherence and unity of the economic team (clearly lacking in the Brazilian case) and of the extent to which the chief executive acts as chief negotiator through his representatives. Here, the debt negotiator actually was a representative of the Central Bank, but subordinate to each successive finance minister, who tended to be the key economic policymaker in Brazil. Nevertheless, each finance minister ran into conflict with the president because Sarney responded to political pressures on him, and to his own political ambitions. In this way, the interests of Sarney, as the chief negotiator through proxy, were reflected in Brazil's negotiating stance as he wavered between responding to particular constituent interests that could further his own political goals and to his economic advisers' recommendations for the long-term economic health of the country.

Fifth, outside actors (especially national regulators of creditor governments) are in a position to contribute to the rising costs of no-agreement for both sides. Through their regulatory authority, they can penalize both debtors and creditors, thus making an agreement that is in the negotiators' mutual interest. Specifically, the threat of reclassification of Brazilian loans by U.S. bank regulators pressured both the banks and Brazil to reach a debt agreement. Brazil's recognition of its dependence on Paris Club creditors and international institutions precluded a moratorium against them. On the other hand, Brazil's agreement with the Paris Club in early 1987 initially strengthened its position vis-à-vis private creditors. In addition, the diverging logics of the IMF and the private banks as they each negotiated separately with Brazil in the end gave Brazil a politically important symbolic victory.

Outside actors are likely to intervene (and thus raise the costs of no-agreement) under conditions of increasing instability in the international financial system. Indicators of instability include a heavy reliance on the secondary debt market and significant drops in the value of bank shares. These actors then seek to protect the system from undue risk by modifying the behavior of both creditors and debtors. Brazil is only one example in which regulators have attempted to shift the burden of risk by adopting new incentives and constraints. Recent agreements with Mex-

[134] Ibid., 457.

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ico, Argentina, and Bolivia further demonstrate the interventionist role of external authorities in order to minimize financial deterioration.[135] The creation of a menu of options for international banks and Paris Club members provides a variety of incentives and constraints that facilitates debt agreements.[136] Another set of proposals that would institutionalize external intervention comes under the label of an "International Debt Facility" (IDF). Although such an institution has yet to be established, a number of proposals have been presented. The IDF would buy debt from the creditors at a lower price than face value and then restructure it by offering liberalized terms to the debtors. The latter would then be expected to accept conditions relating to the conduct of domestic economic policy.[137]

In conclusion, the two-level strategic bargaining model highlights not only the sources of leverage of individual negotiators vis-à-vis their opposites, but also the importance of the strength of the negotiator at Level II. It is the interaction of these two sources of leverage that explains the outcomes of international bargaining more accurately than a single-level model does. The two-level model can explain both the surprising outcome of a perceived weak negotiator winning concessions by turning domestic weakness into international strength and the effects of international reverberation in the domestic game. It further explains how domestic constraints and opportunities affect international outcomes, and it highlights the importance of the ratification process.

[135] See the country case studies in Sachs (fn. 1).

[136] For an elaboration of the menu of options, see Michel H. Bouchet and Jonathan Hay, "The Rise of the Market-Based 'Menu' Approach," in Husain and Diwan (fn. 57); John Williamson, *Voluntary Approaches to Debt Relief* (Washington, D.C.: Institute for International Economics, 1988).

[137] For differing examples of the IDF, see Peter Kenen, "A Bailout for the Banks," *New York Times*, March 6, 1983; Felix Rohatyn, "A Plan for Stretching Out Global Debt," *Business Week*, February 28, 1983; Richard S. Weinert, "Swapping Third World Debt," *Foreign Policy* (Winter 1986–87); James D. Robinson III, "A Comprehensive Agenda for LDC Debt and World Trade Growth," *The AMEX Bank Review* Special Papers, no. 13 (March 1988); W. Max Corden, "An International Debt Facility?" *IMF Working Paper*, February 1988.

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Review Article

HOW SHOULD ONE STUDY ECONOMIC POLICY-MAKING?
Four Characters in Search of an Object

By MARK KESSELMAN

Philip G. Cerny. *The Changing Architecture of Politics: Structure, Agency, and the Future of the State*. London: Sage Publications, 1990, 267 pp.
Gøsta Esping-Andersen. *Politics against Markets: The Social Democratic Road to Power*. Princeton: Princeton University Press, 1985, 366 pp.
Gøsta Esping-Andersen. *The Three Worlds of Welfare Capitalism*. Princeton: Princeton University Press, 1990, 248 pp.
Peter A. Gourevitch. *Politics in Hard Times: Comparative Responses to International Economic Crises*. Ithaca, N.Y.: Cornell University Press, 1986, 267 pp.
Peter A. Hall. *Governing the Economy: The Politics of State Intervention in Britain and France*. New York: Oxford University Press, 1986, 341 pp.

Introduction

WHAT are the appropriate criteria by which to evaluate alternative approaches to studying economic policy-making and political economy? To what extent should one seek to integrate economic policy analysis and political prescription? One way to consider these questions is by analyzing the best research in the field. This essay focuses on some major contributions to political economy and economic policy-making in advanced capitalist nations, among the richest subfields of the discipline. Of particular interest is how political scientists analyze the relationship between structural constraints and political choice. What is the character of structural frames and what possibilities exist for political intervention? Further, what is (and should be) the role of scholarly analysis in this domain?

With the partial exception of *Politics against Markets*, all the works reviewed here seek to interpret rather than change the world. They are insightful in describing important political developments, and they are attentive to the fine grain of historical detail. By providing useful accounts of the interplay of structure and agency in concrete historical set-

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tings and impressive theory to illuminate these developments, they considerably advance our knowledge of the way that political forces affect economic policy outcomes. Despite their strengths, however, these works generally suffer from three important and interrelated shortcomings: they do not adequately conceptualize the structural dynamics of democratic capitalism; they adopt an economistic perspective concerning the organization of interests and social identities; and they confine their attention to what is and fail to consider what might be. The result is to impose limits on our imaginative horizons.[1]

Given their quite different theoretical orientations, the works lend themselves to comparative analysis. Philip Cerny studies structural constraints and political choices within the political economy of advanced capitalism from the perspective of how the state tries to structure a variety of processes. He seeks to explain the autonomous logic and dynamics by which political structures, especially state structures, operate and interact with the society and the economy. And he opposes a reductionism that explains political structures, institutions, and policies on the basis of what he regards as extrapolitical forces, such as class.

Peter Gourevitch, by contrast, emphasizes the impact of the social composition of ruling coalitions on the varying policy responses of five major capitalist nations to three international economic crises—those of the late nineteenth century, of the 1930s, and of the 1970s and 1980s. He focuses on how ruling coalitions of social forces were assembled, disassembled, and reassembled in each country and how the outcome of these processes shaped the character of state economic policy orientation. Gourevitch contends that economic policy-making cannot be studied in a social vacuum. Because political leaders must develop adequate social and political support for their policies, the character of state economic (and presumably other) policies depends heavily on the nature of their coalitional support base.

In studying economic policy-making in Britain and France, Peter Hall bridges the divide represented by the opposing positions of Cerny and Gourevitch. Although he asserts that organizational factors explain contrasts in the economic policies of the two nations, he also assigns a prominent place to the organization of socioeconomic and political forces, including capital, labor, the state, and the political party system, as well as

[1] One might contrast this with Roberto Mangabeira Unger, *False Necessity: Anti-Necessitarian Social Theory in the Service of Radical Democracy*, pt. 1 of *Politics: A Work in Constructive Social Theory* (Cambridge: Cambridge University Press, 1987). This audacious if flawed work suggests an alternative approach to political economy. Considerations of space preclude it being analyzed here. See Kesselman, "What's Wrong with Separate Tables? Or, 'Whose Restaurant?' " (Unpublished manuscript).

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national linkages to the international economy. According to Hall, national variations in the organization of these five factors explain many of the significant differences in economic policy in roughly comparable nations.

Like Gourevitch, Gøsta Esping-Andersen analyzes the interrelationship of social coalitions and state policy. In *Politics against Markets* he examines contrasting policy orientations in a narrow range of nations: the three Scandinavian social democracies. He makes a particularly valuable contribution in partially reversing a conventional causal sequence; that is, he analyzes not only how the social composition of ruling coalitions affects policy but also how the design and implementation of state policies affects the shape of social structure and class formation, and therefore the potential for particular kinds of coalitions. The Swedish and Norwegian social democratic movements had considerably greater success than their Danish counterpart, because they were able to sponsor state reforms that increased support for the social democratic parties. However, since the 1970s, albeit to varying degrees, all three social democratic movements were forced to confront a severe challenge (indeed, its dimensions have grown considerably in the years since the book's publication). To retain hegemony, Esping-Andersen suggests, they need to forge a new class alliance of industrial workers and the middle strata around a policy of public control of investment. It is an open question whether they will succeed.

In *The Three Worlds of Welfare Capitalism*, Esping-Andersen expands his purview to include the eighteen members of the OECD. In the variety of their mix of economic and welfare policies, he discerns a clustering of three distinctive approaches to economic and social policy. The differences stem primarily from their diverse historical legacies regarding religious practice, social coalitions, and state orientation.

These works are among the best analyses of how economic policy is made by advanced capitalist states. All the scholars reviewed here believe that the study of economic policy and the organization of the economy are too important to be left to economists. However, with the exception of Esping-Andersen (and, to a lesser extent, Hall), they do not explore the broadest structural contours of the nations whose economic policies they examine. In brief, they fail adequately to recognize, to paraphrase Chief Justice Marshall, that it is a *capitalist* political economy—with its distinctive dynamics—for which economic policy is being made. Relatedly, by implicitly accepting the status quo and failing to consider alternatives, all but Esping-Andersen hinder attempts to rethink prevailing cramped, partially undemocratic arrangements.

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The works considered here exemplify four important recent approaches to the study of political economy: a state-centered perspective (Cerny), a societal-oriented approach (Gourevitch), an institutional emphasis (Hall), and a broadly neo-Marxist approach (Esping-Andersen, in *Politics against Markets*).[2] This does not mean that the four scholars occupy airtight theoretical compartments: all attempt to give some weight to factors emphasized by the other approaches. Nevertheless, in developing a theory, each must perforce choose coherence—and thus inevitably some degree of theoretical partiality—over comprehensiveness.

One's point of departure and particular theoretical approach necessarily influences one's observations. For example, Cerny, Esping-Andersen, and Gourevitch all deal with the interrelationship of state policy and class formation, yet each offers a different causal explanation. Cerny espouses a state-centered approach, which predisposes him to perceive state policy as dictating class formation; Gourevitch emphasizes the social composition of ruling coalitions, which leads him to reverse the direction of causality; and Esping-Andersen analyzes the extent to which each of the two spheres influences the other.

Focusing on the question of structure versus agency provides a useful entrée to understanding a scholar's overall theoretical and normative perspective. Structural boundaries resist change by ordinary processes of political intervention. What latitude, then, exists for political choice? Adopting this approach implicitly suggests another question: should scholars explore the extent to which agency is (and possibly should be) directed not only to acting *within* a given structural context but to *altering* the context? Finally, and relatedly, how and to what extent do scholars use scholarly analyses in the service of political goals?

Cerny

Cerny considers the issue of structure versus agency of such importance that he identifies it in the title of his book. He borrows the concept of structuration from Anthony Giddens in order to bridge what he regards as an artificial chasm between structures as static edifices and unconstrained agency. "Structuration implies a process of continuing interaction between agent and structure, in which structures which are generally constraining can also change and be changed in certain conditions" (p. xi).[3] For Cerny, structures reflect neither

[2] *The Three Worlds of Welfare Capitalism* pulls away from Marxism; it is closer to Gourevitch's societal-centered approach. However, as in *Politics against Markets*, Esping-Andersen continues, in *The Three Worlds of Welfare Capitalism*, to explore the ways that state policy shapes social structure.

[3] Giddens develops the concept of structuration in many works; see Giddens, *Central Prob-*

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> primordial deep structures, nor . . . atomistic rational choices, nor . . . their internal and external fields *per se*. Rather, we see them as essentially *contingent* phenomena, resulting partially from historically specific combinations and configurations of all three of these angles on the structuration process. (p. 27)

The state, the foremost instrument of structuration in the past several centuries, has proved extraordinarily successful throughout the world in displacing local and higher-level loyalties. However, given the diminished likelihood of future wars (the foremost means of state building in the past) and the globalization of production, state supremacy can no longer be assumed. Cerny nevertheless considers that the state will continue to dominate what he terms the architecture of politics in the coming century as it has in the past two. Although he suggests that transnational socioeconomic processes have reduced the possibility of state autonomy, he still believes that the nation-state has strengthened its hold, "penetrating further into everyday life and maintaining and even renewing social identity in contradistinction to other states. . . . The roots of the state grow deeper in civil society even as its reach grows more complex" (p. 201).

Cerny recognizes that the increasingly global character of production and exchange precludes shielding national economies from foreign competition. This shift provides the major impetus for the recent, fundamental change in the character of state policy, as states have uniformly chosen to subordinate the provision of welfare services, given high priority in the preceding period, to "the promotion of enterprise, innovation, and profitability" (p. 205). Hence, the shift from the welfare state to what Cerny terms the competition state. States now ruthlessly seek to reduce public spending and public sector borrowing, for they drive up interest rates and displace investment. The pattern is mercantilist, not minimalist: states continue to intervene extensively in other areas, for example, by developing microeconomic industrial policies that aim to heighten the economy's capacity to respond flexibly to changing competitive conditions. (In Cerny's words, the shift is from seeking comparative advantage to seeking competitive advantage.) Indeed, in the new era "the total amount of state intervention will tend to increase, for the state will be

lems of Social Theory: Action, Structure and Contradiction in Social Analysis (London: Macmillan, 1979); and idem, *The Constitution of Society: Outline of the Theory of Structuration* (Berkeley: University of California Press, 1984). In contrast to the other works analyzed here, *The Changing Architecture of Politics* does not focus primarily on economic policy-making and outcomes. Cerny is primarily interested in the structuration process, not in economic policy. However, the book does develop a framework for analyzing state economic intervention and policy.

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enmeshed in the promotion, support, and maintenance of an ever-widening range of social and economic activities" (p. 230).

Cerny highlights the key importance of structure, especially state structure, in providing a framework for economic policy-making. He emphasizes the influence of international-level market forces on state action, and he analyzes the diachronic shift from the welfare to the competition state. Unlike Gourevitch, Hall, and Esping-Andersen, however, he does not engage in synchronic analysis of contrasts in the economic policies among capitalist states. He develops a fascinating typology that could serve as the basis for such an exercise. It classifies forms of interest intermediation along two axes: the degree of state autonomy vis-à-vis civil society and the degree of concentration/centralization versus diffusion of state power. Each axis has two cutting points, yielding twenty-seven different hypothetical combinations, of which consociationalism, neo-corporatism, *dirigisme*, and varieties of pluralism are some major examples.

The typology encompasses theoretically interesting and historically important forms of state-society relations. However, in contrast to the other works on economic policy-making in advanced capitalism analyzed here, Cerny shifts from specific forms of state-society relations in capitalist democracies to the most general level of state structuration, without analyzing the context of capitalist political economy within which particular forms of interest intermediation occur. The omission obscures the fact that state structuration neither occurs in similar fashion across modes of production nor is particular to the varied forms of interest intermediation that he examines. Rather, all capitalist states, regardless of the particular form of interest intermediation, confront certain structural dilemmas. In fact, the various forms of interest intermediation he analyzes can be interpreted as attempts to resolve these dilemmas. (More about this below.)

Gourevitch

In his political, historical, and economic sociology of ruling coalitions, Gourevitch analyzes how socioeconomic interests within capitalist democracy are organized within a governing alliance at a given time, as well as how alliances change in response to international economic crises.

> History has its points of critical choice, moments of flux when several things might happen but only one actually does. For years afterward, that winning alternative will preempt other possibilities, and things will seem more closed. Economic crises create one such set of points of choice and it is on them that I have focused this book. (pp. 8–9)

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The formulation that things "seem more closed" captures well the concept of structure.

Politics in Hard Times analyzes how domestic political coalitions and policy orientations are created in a particular historical period, rent asunder under the pressure of economic crisis, and then reorganized. During "good" or "normal" times, that is, periods of political and economic stability, political participants and analysts alike are apt to neglect the importance of structure, since its influence is so pervasive. Thus, for example, within the economy, "rules can be modeled as if they functioned without social referent" (p. 17). During economic hard times, the fact that there is greater conflict among policy proposals means that political construction of reality is more apparent. Parallel to Marx on the source of the ruling ideas of an epoch, Gourevitch observes, "The victorious interpretation will be the one whose adherents have the power to translate their opinion into the force of law" (p. 17). In brief, political leaders make history but not under conditions of their own choosing: they must contend with constraints rooted in a given nation's history, social structure, and linkage to the international economic and interstate order. Political creativity derives from welding diverse economic forces into a ruling coalition united in support of a given policy option.

As opposed to an institutionalist or neo-statist approach, Gourevitch argues that "there seem to be no characteristics of associations or state structure that can stand independently of social factors in explaining policy outputs" (p. 28). In a marvelous concluding chapter, "The Social Bases of the Autonomous State," he asserts:

> The autonomy of the state has a social base: for state autonomy to exist for specific purposes, the state must be able to obtain support, of differing kinds, from societal actors. The strong state is one with the political support to be strong, a state with the compliance or enthusiasm of at least some societal actors that support the actions of strength. (p. 238)

This argument challenges a statist approach, which regards the need for state managers to generate adequate support (or at least minimize potential opposition) as only one among such other concerns as the need to compete in the international arena. But Gourevitch does not demonstrate why political leaders must accord higher priority to generating adequate domestic support as opposed to other requisites.

Gourevitch first maps out what he calls a nation's production profile, which consists of the links between socioeconomic forces and the domestic and international economy (as well as the linkage of the entire national economy to the international economy). He then analyzes the de-

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gree to which mechanisms of representation (political parties and interest groups) as well as the organization of the state (including constitutional regulation of relations among legislature, executive, and bureaucracy, and the character of electoral laws) mediate the impact of economic conditions on policy outcomes. Next, he assesses the importance of ideology, which provides political participants with a source of ideas about possible economic alternatives. Finally, he explores how a country's position in the international state system of political-military rivalries influences domestic coalition politics and possibilities.

Gourevitch studies the interplay between political choice and social structure by tracing policy responses to the three major economic crises within advanced capitalism in the past century. The crisis of the late nineteenth century led to vigorous state activity to foster capitalist development. The crisis of the 1930s and 1940s resulted in cross-class coalitions pursuing policies of demand management that represented "historic compromises" between organized capital and labor. And the 1970s and 1980s saw the reverse shift toward neoliberalism. He examines how these crises constituted critical realignments not only in the electoral sphere but within the sphere of coalitional politics, which he describes as "the terms of trade among various groups" (pp. 32–33).

What is the character of the societal base from which the state must mobilize support? Gourevitch's model of socioeconomic structure is comprised of industry, agriculture, and labor. Key divisions within sectors, which influence the differing potential policy positions and possibilities for coalition formation, involve the degree of competitiveness in the international economy, vulnerability to shifts in demand, labor needs, source of demand, and capital requirements. Like Hall and Esping-Andersen, Gourevitch highlights the formation, in the period following the Second World War, of cross-class alliances that united previously contending classes but also divided classes on the basis of sectoral interests. And he, too, neglects the importance of interests and groups not defined by market relations—an issue to be explored below.

Capitalist democracy provides the overall framework for alliance politics in all the nations Gourevitch studies, except for Wilhelmian Germany, where the absence of liberal democracy facilitated the marriage of iron and rye. Gourevitch does not analyze this issue of the structural framework of capitalist democracy, but it implicitly frames his entire study. He theorizes at both a higher (the world capitalist economy) and a lower (producer profile) level of generality. The missing link of capitalist democracy involves conflicting logics whose importance he underestimates. By not adequately conceptualizing the contradictory tenden-

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cies of capitalist democracy, Gourevitch neglects important dilemmas of coalition formation in this setting, where ruling coalitions must adequately respond to divergent pressures in order to command sufficient electoral support and also business confidence.

Extending his interest in the second image reversed, Gourevitch ascribes great importance to the structural context of the world capitalist economy.[4] "The limits of policy come from the constraints that participation in an international market system puts on all countries; in none of the cases do governments have the political backing needed to resist what actors in the market indicate are the limits of acceptable behavior" (p. 184). Yet although both the world capitalist economy and, as noted, the domestic political economy form the backdrop for his analysis, he does not sufficiently explore their complexities. For example, in the passage just quoted, he equates capitalism with the global system of market exchange and neglects the importance of production relations. This approach contradicts his argument that changes in production processes (technology) are one of the three ingredients of an international economic crisis (p. 20). More generally, he does not situate international economic crises within cycles of capitalist expansion and contraction linked to technological changes.[5]

Gourevitch is not an economic and social determinist with regard to political institutions. He accords great importance to variations in state structures, for example, the contrast between a relatively powerful and cohesive executive in France as compared with the fragmentation of power within the American state. However, he stresses, both intermediate associations and state structures do not exist in a vacuum: "It is not the formal attributes of institutions which account for the outcomes, but the way in which formal structures interact with the objectives of societal actors and group leaders" (p. 28). By giving each sphere its due, he seeks to avoid statist or class reductionism. But this "healthy appreciation for the contingent" (p. 34) can border on a somewhat indiscriminate eclecticism. Further, since the various factors he analyzes often point toward the same outcome in a given conjuncture, it becomes difficult to discriminate and assess their relative importance. The matter becomes even more complicated (and the tendency to retreat to thick description in-

[4] Gourevitch, "The Second Image Reversed," *International Organization* 32 (Autumn 1978).

[5] For important contributions, see work by members of the French regulation school, for example, Robert Boyer, ed., *The Search for Labor Market Flexibility: The European Economies in Transition* (Oxford: Clarendon Press, 1988). See also Michael Piore and Charles Sabel, *The Second Industrial Divide: Possibilities for Prosperity* (New York: Basic Books, 1984).

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creases) in light of his argument that the causal weight of various factors shifts from one setting and time period to another.

Consistent with a position of theoretical skepticism, Gourevitch warns against overestimating the importance of structure: "Politics, the specific struggle among leaders and organizations fighting with myriad resources for advantage, plays a great role. In the search for generalizations the contingent can never be ignored" (p. 166). He also cautions that although the positions of social actors are largely determined by their location in the socioeconomic structure, particularly their relation to the international political economy, their interests are not wholly dictated by structural location. Interests must be represented and aligned with those of other actors and may be ambiguous, unclear, or internally contradictory. The necessity of defining interests enhances the weight of ideologies. Further, in pursuit of their interests social actors must bargain and compromise as they seek to participate in ruling coalitions.

Yet Gourevitch is quite economistic in his definition of interests. He assumes that political forces are generated by the functioning of the market; the result is what he calls the "producer profile." Like group theory, which usually bases group identity on material interests, this assumes the primacy of the economic. However, even when "economic" interests are primary, there must be an extraeconomic framework that privileges the economic.[6] Gourevitch does not justify his decision to ignore noneconomic forces, and he may underestimate the importance for coalition formation and political outcomes of non-market-generated collective identities (including those based on region, ethnicity, religion, and gender). Admittedly, he asserts, "the weight of economic argument in each country is deeply affected by patterns of organizational commitment, by ideology, and by institutions that mediate the relationship between societal pressures and policy choices" (p. 217). He observes that mediating institutions, which reduce the importance of producer interests, became more powerful as liberal democracy developed more fully and that producer interests were able to pursue their own ends most nakedly in illiberal Wilhelmian Germany. But these mediating factors play a marginal role in his analysis. By neglecting their importance, Gourevitch reduces the political world to a struggle among economic interests. Although he skillfully demonstrates the value of studying the linkage between the socioeconomic base of ruling coalitions and economic policy formation, his analysis would be richer still if he analyzed how capitalist democracy

[6] The classic analyses of this issue are by Louis Althusser and Nicos Poulantzas.

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affects these linkages as well as how political loyalties and cleavages develop not only within the market but in other crucibles as well.

Hall

Paraphrasing Jimmy Cliff, for whom there are many rivers to cross, Peter Hall begins his magisterial study of British and French economic policy-making (which richly merited the Woodrow Wilson award of the American Political Science Association for the best book in political science published in 1987) with the observation, "There are many bridges to be crossed" (p. 4) in order to understand the factors that influence economic policy. However, in contrast to the eclectic approach implied by this opening statement, Hall's approach has much in common with the new institutionalism (a term he does not use).[7] He emphasizes "the critical role played by institutions in the definition and articulation of interests, the dissemination of ideas, the construction of market behavior, and the determination of policy" (p. 57). There is a tension between Hall's judicious and insightful survey of the diverse influences on British and French economic policy-making and his somewhat forced attempt to confine explanation to the straitjacket of institutionalism.

Hall acknowledges Gourevitch's influence regarding the significance of the social composition of ruling coalitions. But whereas Gourevitch highlights the problematic process by which diverse interests coalesce within a ruling coalition in support of given economic policies, Hall highlights how the organization of a nation's political and social forces influences economic policy. For example, seeking to understand why the British state did not act in a more *dirigiste* manner throughout the twentieth century—which, he asserts, would have been a rational response to Britain's industrial decline—he locates the answer not in the character of the social coalition supporting the regime but in the orientation of Britain's political institutions. For Hall, the decisive factor is not the interaction of economic interests but the way that the organizational medium affects the political message: "Policy-makers are profoundly influenced by the labyrinth of institutionalized relations that are history's legacy to every society" (p. 68). In sum, Hall's "alternative view of the political determinants of economic policy . . . links those policies to the structural constraints implicit in the socioeconomic organization of each nation" (p. 231).

Hall also distinguishes his position from a statist approach. Organizational factors crosscut the state-society distinction, and (in contrast to

[7] James G. March and Johan P. Olsen, *Rediscovering Institutions: The Organizational Basis of Politics* (New York: Free Press, 1989).

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a statist orientation) he includes the organization of social forces among the key determinants of economic policy. He suggests, for example, that "the success of an economic strategy depends as much on the organization of society as on the organization of the state."[8]

Hall argues that although diverse states may confront a similar set of imperatives, the response of each is conditioned by the configuration of its own socioeconomic and political institutions: "The constraints on its [the state's] action are not specified simply by a given mode of production or form of government: within both of these broader frameworks there is a great deal of relevant institutional variation" (p. 57). Granted, however, that the mode of production is too broad to explain specific state policies, it can tell much about the *limits* of policy experimentation. Further, variations in the specific character of capitalist development heavily influence differences in economic policy, as Gourevitch contends.

How does Hall counter Gourevitch's argument that (economic) function may be more important than (organizational) form? According to Gourevitch:

> Capital, for instance, is a force independent of any association of investors; it does not take an association of investors or of speculators for capital to flee a currency when devaluation is feared. Although organization certainly matters, it is not the same as function [and, clearly, is subordinate in importance]. (p. 59)

Hall might reply that he operates at a more concrete level, closer to the historical detail of actual policy-making. But such a prudent response risks conceding too much: if the socioeconomic context sharply limits policy options, then analyzing how is at least as important as studying how specific policies get shaped.

And this is precisely what emerges from Hall's analysis. He argues, for example, that when Margaret Thatcher and François Mitterrand sought to initiate radical policy departures, the quite impersonal functioning of market forces quickly forced them to trim their policy sails. The particular design of British and French institutions was quite unimportant in shaping this outcome.[9]

Hall's attempt to distance himself from neo-Marxist explanations is especially problematic. He rejects attributing too much importance to the structure of capitalist democracy and criticizes neo-Marxism for falsely

[8] Hall, ed., *The Political Power of Economic Ideas: Keynesianism across Nations* (Princeton: Princeton University Press, 1989), 380 fn. 43.

[9] I agree with Hall's assessment of Mitterrand but strongly disagree that Thatcher failed to achieve radical policy initiatives, as witness, for example, the extensive changes in such important areas as deregulation, privatization, and labor relations.

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assuming that the state quite automatically reproduces capitalism. However, many neo-Marxist analyses accord great importance to the contingency of historical struggles. Esping-Andersen, for example, gives due weight to diverse elements, including social structure and coalitions and state structure and policy, as well as political struggles, all conditioned by the structural setting of capitalist democracy. Hall concedes that according to neo-Marxism,

> in a capitalist society, the state will act so as to protect the interests of capitalists and to limit the influence of the working class. . . . In French and British economic policy-making, we have found such an outcome. . . . Equipped with an organizational analysis, however, we can see that this outcome derives from similar features of the institutional structure in both nations rather than from some systemic imperative *per se*. (p. 261)

But he does not demonstrate why one should prefer an institutional explanation, given the fact that the outcome in the case cited does not discriminate between the two explanations.

Moreover, no neo-Marxist theorist claims that systemic or structural tendencies determine outcomes in some automatic fashion. Rather, structural dynamics affect the probability of various political and policy outcomes. Hall himself often accepts this view; indeed, at times he appears to be a neo-Marxist *malgré lui*. Consider, for example, his observation—a central element in the neo-Marxist understanding of capitalist democracy: "Politicians who sit at the intersection of a democratic electoral system and capitalist mode of production face strong incentives to avoid policies that might discourage the owners of private capital from investing and expanding production" (p. 262).[10] Similarly, consistent with a neo-Marxist position, Hall observes:

> Just as the structural features of democratic capitalism affect the overall balance of power between capital and labor, the organization of capital, labor, the state and the political system in each country has also tended to favor the interests of some social actors [notably sectors of capital] over others. (p. 263)

Hall criticizes neo-Marxism for being overly broad, but the same point can be made about the way that he develops an institutional approach. At a concrete level he defines institutions as specific organizations (the British Treasury and the French Ministry of Finance, for example).[11] But

[10] Indeed, four of the five scholars that Hall cites on the page where this passage occurs were sympathetic to neo-Marxism, and the fifth (Charles Lindblom) was deeply influenced by it.

[11] Hall does not carry his institutional analysis far enough. Consider the French Ministry of Finance. He ignores important conflicts between the Treasury Directorate and other di-

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he also defines institutions in a more abstract sense: "The concept of institutions is used here to refer to the formal rules, compliance procedures, and standard operating practices that structure the relations between individuals in various units of the polity and economy" (p. 19). In this usage, institutions become virtually coterminous with all social norms and patterns. In similar fashion Hall concludes, "The point of this book has been to develop an alternative view of the political determinants of economic policy that links those policies to the structural constraints implicit in the socioeconomic organization of each nation" (p. 231). The five elements that he considers key in explaining national differences in economic policy—the organization of labor, capital, and the state, as well as a nation's party system and position within the international economy—"are organizational variables in the sense that they refer to the specific organization of one aspect of the environment facing public policy-makers" (p. 232). Again, this use of the concept of organization is extraordinarily expansive.

At other points Hall so amply recognizes the limits of an institutional approach as to cast doubt on his large claims concerning their importance. For example, "We should not lose sight of the class interests at stake in economic policy-making; but to portray the policy process accurately, we should *add to* our outline of massive social groups a sketch of the institutional structures through which their demands are being shaped" (p. 15; emphasis added). Similarly, "because policy-making in the modern state is always a collective process, the configuration of the institutions that aggregate the opinions of individual contributors into a set of policies can have its *own effects* on policy outputs" (p. 19; emphasis added). There is thus a large disparity between Hall's two views of the influence that institutions exert.[12]

Hall is no sectarian and fully recognizes that organizational forms are not unmoved movers. He argues that Britain's characteristic economic policy orientation has been shaped by

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rectorates within the ministry, as well as the Treasury's battles with other economic policy-making agencies. See the fine review of a number of works on France by Douglas E. Ashford, "In Search of French Planning: Ideas and History at Work," *West European Politics* 11 (July 1988).

[12] Hall (fn. 8) explores another influence on economic policy—the power of ideas—in his edited volume. He observes on Keynesianism:

> To neglect the role of ideas in political economy . . . is to miss an important component of the economic and political worlds. It is ideas, in the form of economic theories and the policies developed from them, that enables national leaders to chart a course through turbulent economic times, and ideas about what is efficient, expedient, and just that motivates the movement from one line of policy to another. (p. 361)

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> two of the formative experiences in British history: early industrialization and empire. . . . Britain was the world's first industrializer; and later she became the manager of a vast overseas empire. Both experiences shaped the institutional setting of British markets so fundamentally in some cases that their legacy has lasted right to the post-war period. (pp. 57, 37)

In this view, although institutions crystallize historical influences, they are apparently only the proximate cause of differences in British and French economic policy. Similarly, the organization of the state and society are "the cumulative product of political struggles at a series of crucial historical conjunctures" (p. 19). And while institutional "relationships are subject to incremental change, and more radical change at critical conjunctures, they provide the context in which most *normal* politics is conducted" (p. 19; emphasis added). Thus, it now appears, institutions provide the context for "politics as usual," but they are neither the only nor even the most important ingredient in explaining the deeper (structural) level.

What, then, shapes "abnormal" (context-changing) politics—of the kind, incidentally, that Gourevitch studies? Hall does not address this question. He concludes *Governing the Economy* by observing: "The institutions that affect the performance of the economy and distribute power in society are ultimately artefacts of political action. They were constructed out of political struggles, and from time to time, we may recast them" (p. 283). These observations suggest the need to analyze the trajectory of key historical struggles, what Gourevitch calls "points of critical [historical] choice" (p. 8). Similarly, in a formulation that parallels Esping-Andersen's approach and contradicts an institutional explanation, Hall asserts, "The consequences of policy can gradually alter the societal organization of a nation, just as the shape of policy is in the first instance heavily influenced by that organization" (p. 267).

The fit between Hall's superb comparison of British and French economic policy and his theoretical claims is quite imperfect. At many points he defines an institutional approach either so loosely or so modestly as to weaken his case. And when he analyzes the macrohistorical structural setting, his approach converges with neo-Marxism.

Esping-Andersen

It is useful to focus, as Gourevitch and Hall do, on the structural, political, and institutional determinants of economic policy and policy-making, particularly on how given socioeconomic interests ally in particular governing coalitions linked to particular policy orientations. But since

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governments adopt economic policies in part to pursue political goals, it is even more fruitful—although less common—to analyze how economic policy affects the shape and popularity of governing coalitions. Most works analyzed here fail to explore this *strategic* question. Esping-Andersen's study of how state reforms within social democratic nations influence the contours of social structure and class formation represents a significant advance in this respect. Sensitive to the complex interplay of party strategy and the structural constraints of capitalist democracy, he seeks to learn how and why state policies "differ in their ability to forge unity or nurture fragmentation, how they promote or stifle social democratic class formation" (p. 141).[13]

Esping-Andersen's splendid account explores variations in state policy and ruling party popularity in social democracy, a subspecies of capitalist democracy. Within Denmark, Norway, and Sweden, how did the outcome of political struggles and alliance formation in one period create possibilities and set limits for future state policies and social coalitions? And how did state policies in turn affect the shape of class structure and the possibility of alliances at future points?

In *The Three Worlds of Welfare Capitalism*, Esping-Andersen extends his focus to the larger spectrum of advanced capitalist nations. On the basis of statistical analyses of state employment and welfare policies for the eighteen OECD nations, he identifies three clusters of what he terms welfare-state regimes: the Anglo-Saxon liberal regime, which relies on a heavy dose of free market regulation; the conservative regime, found in the predominantly Catholic continental nations, which have strong traditions of corporatist organization and etatism; and the socialist or social democratic regime in Scandinavia.[14] His problematic is the mirror image of Gourevitch's quest to understand how political leaders seek to develop social coalitions in order to garner adequate support for a given policy outcome.

Similar to Gourevitch, Esping-Andersen argues that the character of ruling alliances is key to understanding state policy and social democratic success. But, unlike Gourevitch, Esping-Andersen analyzes the independent role played by the policies of social democratic governments in *reshaping* the contours of class structure and social coalitions:

> Social democracy must manufacture its own class base, a necessarily continuous process. The "raw material" of the class structure must be trans-

[13] Where page numbers are given without specifying the book, the reference is to *Politics against Markets*.

[14] I do not deal in detail with *The Three Worlds of Welfare Capitalism* in this review.

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> formed into a dynamically expanding social democratic community, and reformism naturally constitutes the vehicle for this. The transformation of the state is therefore the linchpin of social democracy. (pp. 37–38)

By analyzing the impact of contrasts in social democratic social and economic policies, Esping-Andersen admirably demonstrates how to explore the interplay of structure and political agency within capitalist democracy.

Esping-Andersen links the evolution of social democratic policies to two alliances formed around working-class support. "The popular, [worker and] peasant-based alliance introduced the stage of social citizenship politics; the new wage-earner alliance [between workers and middle strata employees] is sought as a steppingstone to the stage of economic citizenship politics" (p. xvi). He seeks to analyze how state reforms inspired by social democratic policies affect both social structure and the extent of social democratic electoral support. The link is what he calls class formation, that is, a political coalition favorable to social democracy based in the working class and including allies from other classes.

> I contend that the process of social democratic class formation depends on the impact of state policies on the class structure. . . . The ultimate instrument of social democratic class formation . . . is state policy. The creation of [social democratic] solidarity will depend on reformist accomplishments. (pp. 26, 33)

In brief, control of the state is used to generate benefits on behalf of a coalition whose material interests and ideological preferences lie in perpetuating social democratic rule. Esping-Andersen's argument is broadly similar to that of literature on the political business cycle.[15] However, in his analysis of how state reforms affect the extent of social democratic support and the very contours of class structure, he goes beyond the relation of redistributive measures to electoral outcomes.

When successful, social democratic reform measures build solidarity within the working class and between workers and their allies. Distributing state entitlements on an equal basis, for example, is an important way to counter market-generated inequalities that fragment the citizenry. Political ingenuity is required to devise fiscal and social policies that favor disadvantaged groups while providing sufficient inducements to retain the loyalty of better-off supporters of the social democratic coalition. "Such programs help create a large, if not universal, electoral

[15] See, e.g., Edward Tufte, *Political Control of the Economy* (Princeton: Princeton University Press, 1978).

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constituency whose welfare and happiness is wedded to a social democratic state" (p. 34). (This issue is explored further in *The Three Worlds of Welfare Capitalism*, which documents the contrast between the character and extent of welfare benefits in the three welfare-state regimes.)

That social democracy has been far more popular in Norway and Sweden than in Denmark suggests that there is nothing automatic about using control of the state to maintain social democratic hegemony. Further, social democratic fortunes are affected by other factors, such as the character of the society prior to social democratic accession to office. To assess the importance of state activity, Esping-Andersen examines welfare, housing, and fiscal policy.

The hallmark of social democracy as a historical phenomenon has been state provision of the fullest measure of social services.[16] In the absence of state-provided or mandated welfare programs, private insurance schemes fill the breach, with devastating effects for social solidarity and social democratic support.

> Where private and occupational schemes proliferate, collective identity and loyalty to the public schemes will easily evaporate, especially as the tax rate grows. Socialists therefore risk class fragmentation, divided loyalties, and a greater potential for "welfare backlash" whenever they preside over a welfare state in which liberalistic or conservative principles have been allowed to persist. (p. 149)

Welfare policies foster solidarity and equality among workers by reducing their dependence on private employers, which thereby shields them from the divisive effects of competition generated by the labor market. Yet shaping politically progressive and fiscally sound welfare policies is no easy matter. First, if welfare is exclusively state provided, costs will skyrocket, generating a fiscal crisis and a taxpayer revolt. A sensible solution is for the state to mandate that private employers provide welfare services on an equalitarian basis. Provided unemployment is low, the result is extensive coverage without the need for state expenditure. Another dilemma is how to minimize economic instability, especially unemployment, that usually accompanies private control of the economy and that severely damages social democratic fortunes. One solution, easier said than done, is to achieve public control of the economy. This can be used to facilitate economic expansion, which reduces some welfare

[16] The phrase "social democracy as a historical phenomenon" is Adam Przeworski's. See Przeworski, *Capitalism and Social Democracy* (Cambridge: Cambridge University Press, 1985), chap. 1. Przeworski discerns a logic of deradicalization associated with social democracy that is squarely opposed to the logic of escalating demands discerned by Esping-Andersen.

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costs (notably unemployment payments) and generates a growth dividend to finance others.

Esping-Andersen compares the design and implementation of welfare policies in Denmark, Norway, and Sweden. He finds that the Swedish social democratic movement was generally the most successful at crafting policies that maximized political and economic benefits and minimized their costs. Thus, Sweden provided the most nearly universalistic, egalitarian, and extensive welfare coverage; it also shifted more of the costs to private employers. The Danish social democratic movement was least successful in all respects.

There have also been sharp contrasts in postwar housing policy among the three Scandinavian social democracies. In Sweden state policies favored cooperative housing projects, which minimized the extent of private ownership and inequalities regarding access to housing. The suburban localities created by social democratic programs were heavily marked by social democratic political culture. In Norway, state policies minimized the tax and other financial advantages of home ownership, in order to counteract the divisive effects of the private housing market. By contrast, the Danish social democrats

> permitted a return to free market regulation and, via the tax system, encouraged single-family suburban homeownership. . . . From a political mobilization perspective, the Danish strategy was easily the most disastrous since it helped fuel sharp equity struggles combined with inflationary real estate speculation. (pp. 180–81)

As in the more conservative capitalist democracies, Danish housing policies fostered deep divisions between tenants and homeowners.

Esping-Andersen summarizes the challenge of fiscal policy, the third policy area examined, as follows: "Economic growth is the precondition for the social citizenship state upon which the postwar social democrats came to pin their electoral mobilization strategy. Long-run social democratic strength will depend on the party's capacity to control the business cycle" (p. 193). As in the other policy domains, social democrats were least successful in Denmark and most successful in Sweden. Because of differences in social structure, the economy, and the labor movement, the Danes were less able to promote a virtuous circle of price stability, economic growth, and high international economic competitiveness. The results were stop-go economic policies, balance-of-payments problems, chronic budget deficits, and slow growth—hardly the recipe for pursuing bold social democratic policies.

By contrast, Norway and Sweden are among the foremost success sto-

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ries in the pantheon of social democracy. By a skillful policy mix, their social democratic governments encouraged high rates of savings and investment, low unemployment, and sustained economic growth. They were rewarded with electoral pluralities and long periods in office. The Swedish social democratic government has been a record holder in this respect. It initiated stiff economic regulation and refused to rescue ailing firms, thereby forcing them either to modernize or to go out of business. However, active labor market policies, which provide ample benefits to help train and relocate laid-off workers, avoided the practice typical elsewhere of forcing redundant workers to shoulder the costs of business failure. Other notable policy innovations included the use of tax policy to encourage firms to engage in countercyclical investments, as well as allocating public pension funds for housing construction as a tool of countercyclical demand management (an active investment policy that complemented the active labor market policy).

The 1970s witnessed a fundamental shift in the evolution of social democracy. Whereas for many decades political control could be assured through macroeconomic measures of Keynesian demand management without the need to socialize ownership of industry, stagflation beginning in the 1970s forced a total rethinking of social democratic strategy. Where the previous approach had used the state to facilitate forced-march capitalist rationalization, along with public programs to counteract the inegalitarian outcome of market forces, social democratic leaders now came to believe that capital could not remain in private hands. By a circuitous route, they adopted the classic social democratic position, which asserts the need to "collectivize and democratize economic power" (p. 36). They proposed to achieve this goal not by the classic route of nationalization, however, but by a profits tax channeled into wage-earner funds that would gradually assume control over Swedish industry.

Devising measures to gain public control of investment would in the 1970s and 1980s help resolve the impasse reached by the Swedish Social Democratic Party (SAP)—the most successful social democratic party in the world: "Principally, the SAP did not have a convincing formula for resolving incompatible demands for democratization, decentralization, equality, and ecological preservation, on the one hand, and full employment, growth, international competitiveness, and rising incomes on the other" (p. 111).

As Ronald Reagan's speech writer put it so well, the welfare state went from being viewed as the solution to the problem to being perceived as constituting the problem. The assumed harmony between the welfare state and capitalist growth has increasingly been challenged. As long ago

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as 1973, James O'Connor explored the tendencies toward fiscal crisis in welfare-state capitalism.[17] Whereas in most capitalist democracies the predominant response has been to attack the welfare state in the name of restoring capitalist efficiency and freedom (what Cerny terms the "competition state"), Esping-Andersen observes that the Scandinavian social democratic movement considered an opposite route—democratic control of the economy. In order to achieve this, class alliances must be reorganized to foster a constituency receptive to the radical policy agenda: "The only chance for social democracy lies in its capacity to forge a new white-collar–blue-collar alliance behind economic democracy" (p. 236).

These forces, he asserts, are predisposed to favor socialized control of the economy because they would be the primary beneficiaries of the changes. The alliance would replace the former worker-peasant alliance that brought the social democrats to power and sustained them for so long. Esping-Andersen shares the view of those within the social democratic movement that the attempt to achieve public control of the economy was both strategically sound and politically desirable.

In the late 1970s and early 1980s the Swedish social democratic movement placed its hopes in a program of collective wage-earner funds and economic democracy. "It aims to resolve the zero-sum distributive conflict between profits and wages (including the social wage). It promises lower production costs, high investment levels, greater equality, and a first leap toward the promised democratic economy" (p. 290). Yet this is clearly counter to the current direction of policy innovation everywhere, and Esping-Andersen does not examine—let alone explain—why such an innovation would be either feasible or preferable to the prevalent neoliberal policies. Indeed, he only alludes (p. 300) to the sorry trajectory of the Meidner plan in the 1980s: initially presented as a way to socialize Swedish industry through a profits tax to be converted into publicly held stock equity, the proposal was quickly diluted and converted into a scheme for generating investment capital through payroll taxes.

The dismal failure of what was initially presented as the most daring reform in the most advanced social democracy should give pause to supporters of the social democratic cause. It suggests that structural constraints were sufficiently severe, and the weaknesses of social democratic strategy in general and the Meidner plan in particular sufficiently great, to impede the radical step that, in Esping-Andersen's view, was essential to preserving social democratic hegemony. Social democracy remained

[17] James O'Connor, *The Fiscal Crisis of the State* (New York: St. Martin's Press, 1973).

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dominant in Sweden until the electoral defeat of SAP in 1991, not as a result of the renewal of the social democratic vision but because of the fragmentation of the Swedish Right. Thus, in the penultimate sentence of *Politics against Markets*, Esping-Andersen wisely qualifies his claim about the future of social democracy: "Whether or not the economic democracy plan can perform the task of uniting wage earners, and thus return social democracy to a new era of positive-sum politics, remains to be seen" (p. 324).

Esping-Andersen does not analyze why the initial formulation of the Meidner plan proved so unpopular, even among those who would ostensibly have had the most to gain from the reform. I would suggest that the plan did not address—indeed, it would have exacerbated—one of social democracy's gravest problems: an ever-expanding and intrusive bureaucracy. Although promising to *democratize* the Swedish economy, the Meidner plan threatened to *bureaucratize* it further. The plan would have transferred power to trade union officials and state administrators, not to rank-and-file workers and employees—precisely when there were loud demands to curb Sweden's sprawling bureaucratic apparatus. In brief, the Meidner plan may have failed not because it was too radical but because it reflected the all too traditional problem-solving method of the social democrats: expanding the reach of state and trade union bureaucracies.

More generally, Esping-Andersen does not analyze sufficiently that social democratic movements have come to be identified with an increasingly unpopular agenda and approach, which accords highest priority to economic growth and centralized, bureaucratic problem solving. The Swedish social democrats have been badly damaged by their support for nuclear energy, which is viewed as closely linked to productivist, growth-oriented values, and inadequate attention to environmental protection.[18]

In another important respect as well, social democratic movements have been captives of a past era and agenda. In order to mobilize support, Esping-Andersen suggests, social democratic movements typically seek to heighten class-based identities. The corollary is that "alternative bases of communality, identification, and solidarity must be displaced. The fewer the crosscutting pressures on individual workers, the greater the potential for social democratic hegemony" (*Politics against Markets*, 32). The erosion of support for social democratic movements derives in part from opposition to their attempt to displace non-class-based forms of

[18] See Diane Sainsbury, "Swedish Social Democracy in Transition: The Party's Record in the 1980s and the Challenge of the 1990s," *West European Politics* 14 (July 1991).

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identity. Similarly, many oppose building social democratic movements on the basis of large, centralized organizations (labor unions in particular), on the grounds that they inhibit popular participation and diversity. In brief, although Esping-Andersen points to one way that social democratic movements might adapt to new exigencies, he does not stress the need for an even more thorough rethinking of the traditional social democratic stance.

Structure versus Agency

The books analyzed here are major attempts to define the respective causal weight of state structure, institutions, social classes, and state activity in the process of economic policy-making within advanced capitalist nations. As opposed to rational-choice approaches, these works all stress the importance of the structural context for understanding how choices about economic policy are made. With the major exception of Esping-Andersen and, to a lesser extent, Hall, however, they fail to incorporate an essential element into their conception of structure: that all the nations that they study are capitalist democracies. It is true that except for Cerny, they all recognize that the structural context of capitalist democracy generates problems, sets limits to the possibilities of reform, and makes some outcomes more likely than others, but they barely analyze these important issues.[19] Perhaps they tend to ignore these convergent pressures because their primary aim is to explain differences among nations. Esping-Andersen points to one such tendency when he suggests, in *The Three Worlds of Welfare Capitalism*, "Despite fundamental differences in institutional accommodation and policy choice (especially since the late 1970s), advanced capitalist democracies appear to converge in one respect; namely, in their incapability of ensuring both full employment and balanced economic growth" (p. 164).[20] In particular, I suggest the value of focusing on contradictory imperatives within capitalist democracy, notably, the dilemmas generated when states seek to develop economic policies in a context of capitalist control of the economy and at least partial democratic control of the state. It requires intricate institutional accommodation and policy innovation to do an effective job of reconciling the conflicting goals (1) of capital in maximizing profits and

[19] They are more aware of the fact that, as Gourevitch in particular stresses, democracy enlarges the possibilities for variable outcomes; that is, it enlarges the latitude for political choice.

[20] In my view he correctly suggests that "the principal reason has to do with the limited means available (within any kind of institutional framework that has, so far, been tried in capitalism) to channel zero-sum conflicts into workable bargains" (*The Three Worlds*, 164).

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business control and (2) of citizens in maximizing welfare and democratic control.[21] The more successfully a state reconciles these conflicting goals, the greater will be its political power, economic resources, and electoral popularity. But as state officeholders know well, measures to enhance profitable production often require curtailing popular consumption, as well as the power of rank-and-file citizens in the political sphere and workers within the economy.[22] This challenge is comparable in importance to the one limiting state autonomy explored by Gourevitch and Cerny, namely, the importance of competing in the international capitalist economy and the system of interstate relations.

What follows from failing to specify sufficiently the particular properties of capitalist democracy? On the one hand, one limits the possibility of modifying that structure. On the other hand, one may exaggerate the latitude for political choice. In sum, the failure to grasp structural constraints adequately reduces the strategic possibilities of transforming them. For if the constraints imposed by structure are terribly real, structural boundaries are historically constructed and can be transformed through political action.

In a neo-Marxist vein, Samuel Bowles and Herbert Gintis conceptualize one key mode of political conflict as the attempt to transport practices from a realm where they are commonly regarded as appropriate to another realm.[23] For example, it is generally accepted within democratic capitalism that democracy is an appropriate method for making broad political decisions but not for deciding economic issues. It is frequently asserted that the latter are technical matters best decided by instrumental reason spurred by market competition. One radical strategy put forth in response advocates extending the realm of democratic decision making beyond the purview of the polity to the sphere of production, thus eroding the structural separation of economy and polity. Described differently, this would highlight, as the title of a fine account suggests, the changing boundaries of the political.[24] Raising this issue in turn suggests two further issues: one concerns the boundaries of the economic rather

[21] The best work is Fred Block, *Revising State Theory: Essays in Politics and Postindustrialization* (Philadelphia: Temple University Press, 1987); Esping-Andersen, *Politics against Markets*; O'Connor (fn. 17); Claus Offe, *Contradictions of the Welfare State* (Cambridge: MIT Press, 1984); and Przeworski (fn. 16).

[22] This is the major theme of neo-Marxist works of the 1970s and 1980s, explored best in O'Connor (fn. 17); and Offe (fn. 21).

[23] Bowles and Gintis, "The Crisis of Liberal Democratic Capitalism: The Case of the United States," *Politics and Society* 11, no. 1 (1982), and idem, *Democracy and Capitalism* (New York: Basic Books, 1986). See also Samuel Bowles, David Gordon, and Thomas Weisskopf, *Beyond the Wasteland: A Democratic Alternative to Economic Decline* (Garden City, N.Y.: Doubleday/Anchor, 1983).

[24] Charles S. Maier, ed., *The Changing Boundaries of the Political* (Cambridge: Cambridge University Press, 1987).

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than the political realm; the other concerns the appropriateness of introducing normative concerns into an economic analysis.

The Boundaries of the Economy

All the works reviewed here suffer from an acute case of economism and economic determinism. They consider only market-based interests, including classes, fractions of classes, or specific economic sectors. Not considered are nonmarket forms of collective loyalty and identity, including gender, religion, age, region, race, and ethnicity. The economism of these works is thus less a reflection of the fact that nonmarket factors were absent than it is a reflection of the theoretical lenses through which the authors view their material. Granted, as members of the Frankfurt School explored generations ago, capitalist democracy encourages people to think of themselves in market-based terms (primarily as consumers and producers, that is, in terms of their relation to commodity and labor markets), but the extent to which they actually do so is an open question.

With the notable exception of Esping-Andersen, in *The Three Worlds of Welfare Capitalism*, all the scholars considered here confine their attention to the traditional field of economic policy and relegate nonmarket-based forces to the social sphere.[25] Esping-Andersen argues to the contrary (correctly, in my view) that it is impossible to consider welfare policy without analyzing employment and other issues traditionally regarded as "economic." In similar fashion, analyses of economic policies will be incomplete and flawed if they fail to analyze how economic policy differentially affects the "life chances" of diverse social forces. Since forces not generated by market relations, for example, religious groups, often play a significant political role by participating in ruling or contestatory coalitions, one cannot make sense of many political struggles or economic policies without considering their role. However, identifying the ideological character of the traditional division of the social and economic implies a certain critical stance. Most of the scholars considered here oppose injecting their political values into scholarly analysis.

Political Values

Only Esping-Andersen seeks to integrate scholarly analysis and political concerns. In the preface to *Politics against Markets* he indicates that in the course of his research, he moved from regarding social democracy as an

[25] Cerny represents another exception, in that he considers a wide range of activities subsumed under the concept of state structuration. But he apparently accepts the legitimacy of the traditional notion of the economy.

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inadequate palliative to regarding it as the most progressive existing alternative, as well as the most promising terrain for democratic advances. He hopes that his research will contribute to reversing a steady decline in social democratic support and encourage its forward march toward economic democracy under the programmatic banner of wage-earner funds. Perhaps it was the quite abject failure of the Meidner plan and the downward spiral of social democracy since the publication of *Politics against Markets* that explains why Esping-Andersen adopts a more detached perspective in *The Three Worlds of Welfare Capitalism*. Although according to the data that he reports, social democracy remains the most progressive, egalitarian welfare-state regime, he no longer appears to entertain the possibility of a radicalizing democratic dynamic within social democracy.

The other scholars whose work is reviewed here generally adhere to a positivist orientation. Gourevitch is circumspect about his preferred political outcomes. He suggests, in one of the few passages devoted to the question, "In this tale my heroes are those activists who thought up combinations that linked progressive political ideals with the realities of markets and powers" (p. 240). His examples are FDR, Keynes, and Wigfors. By praising those who successfully reconciled progressive political ideals (unspecified) with the realities of markets and powers (whose character and limits are also unspecified), Gourevitch prudently accepts the necessity for "realism." Yet as his analysis suggests, the meaning of realistic is largely dependent on the historical context. Paraphrasing Rosa Luxemburg, there are occasions when accepting the need for realism can be the most naïve and utopian position. Gourevitch similarly limits his vision of the possible forms of economic policy. Political creativity derives from developing new coalitions of social forces and linking them to one of the five major economic policy alternatives.[26]

Cerny is confident that for the foreseeable future the state will remain the central agency providing order and stability. Despite the increase of global economic competition/integration and the heightening of sectional loyalties, the state's prospects for retaining its primacy are excellent. Cerny avoids critical evaluation of political practice. For example, he sees "structural mixes of market and hierarchy as a fundamental dynamic of the structuration process" (p. xii), but he does not consider the possibility of democratic decision making as a third alternative.[27] Corporatism

[26] Reasons of space preclude analyzing Unger (fn. 1), whose aim is precisely to develop a radically democratic political and economic alternative. See also Piore and Sabel (fn. 5).

[27] See Unger (fn. 1) for a consideration of how radical democratic methods can be used to minimize the tyranny of structure while avoiding the nightmare of chaos.

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emerges from Cerny's analysis as an effective mechanism for reconciling democratic representation and state direction.[28] He does not address the frequently made criticism that corporatism narrows policy options, dilutes democratic accountability, and delegates public responsibilities to private, oligarchical associations that often misrepresent their own constituencies and injure the unorganized. He also appears to believe that corporatism organizes the full range of significant interests; as with the other scholars discussed here, he assumes that the market is the sole source of collective interests and identities. As in the corporatist framework, so apparently for Cerny, any identities not encapsulated by market relations are invisible or nonexistent. Further, Cerny does not question whether the shift in the dominant state orientation from a welfare-oriented approach to a mercantilist approach, which returns the provision of welfare to market forces, is necessary or desirable; nor does he examine the socioeconomic costs and benefits of the shift. Rather than considering alternative possibilities, Cerny analyzes past developments and probable future trends.

Hall identifies the unimpeded operation of the free market as the major cause of Britain's economic difficulties in the twentieth century. He rejects other frequently offered explanations, including Britain's low investment rate and inefficient organization of work processes, and argues that these are only proximate causes. "In a nation where market mechanisms were given particularly free rein, we should look first to the operation of such mechanisms for the sources of economic decline" (p. 35). He concludes that the neoclassical approach, which considers markets as the most efficient allocative mechanism, makes "little allowance for the impact of institutional variation on market behavior. . . . We must recognize that markets are themselves institutions" (p. 35). But he refrains from developing a programmatic agenda, which might include considering how to reorganize market institutions.

Hall's muted criticism of Margaret Thatcher's policies is remarkably restrained in light of the devastating impact of Thatcher's regime on British social and economic life. In the only overall assessment of the Thatcher government he observes: "While Labour policy narrowed income differentials across the population, Conservative policy has widened the disjunction in material well-being between the affluent and the poor, between those in work and those without it, and between those with considerable power in the labor market by virtue of wealth or skills and those without such power" (p. 124).

[28] I infer this from the last sentence of p. 178. It may not be Cerny's position.

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The self-imposed limits on normative analysis of economic policy in these works means that—true to the behavioral persuasion—scholars usually accord priority to the process of policy-making, not to the impact of policy outcomes. Only Esping-Andersen suggests that economic policy powerfully influences the quality of social life, and he implies that students of economic policy should investigate this relationship in order to advance the larger goal of improving the character of social and political life. Yet recall that the classical political economists were moral philosophers, enthusiasts about the dawning capitalist economy because of the way that it maximized welfare, not merely wealth. Further, they were not blind advocates; all recognized the heavy costs involved in the development of a capitalist order.

Might it not be appropriate to propose a return to basics, not in the sense of abandoning a concern for the broad implications of economic policy but, on the contrary, in the sense of recognizing the importance of exploring more fully the connections between economic policy and the larger political and social worlds of which it is a part? This might be considered the proper object of political economy, a project worthy of engaging our finest faculties.

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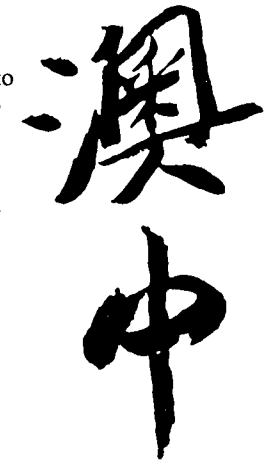

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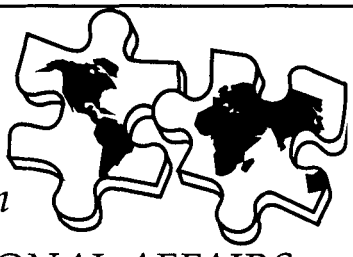

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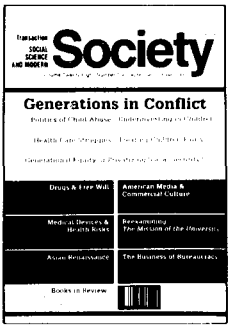

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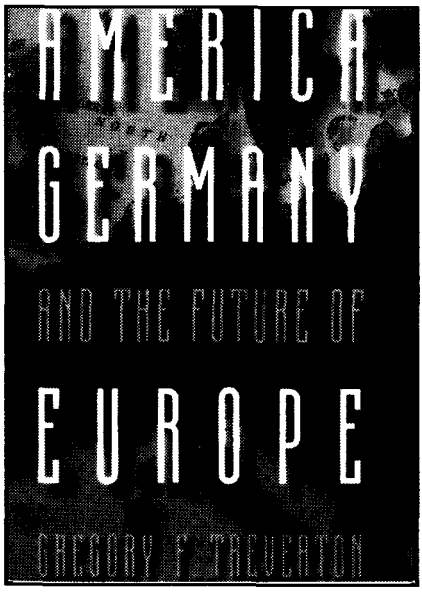

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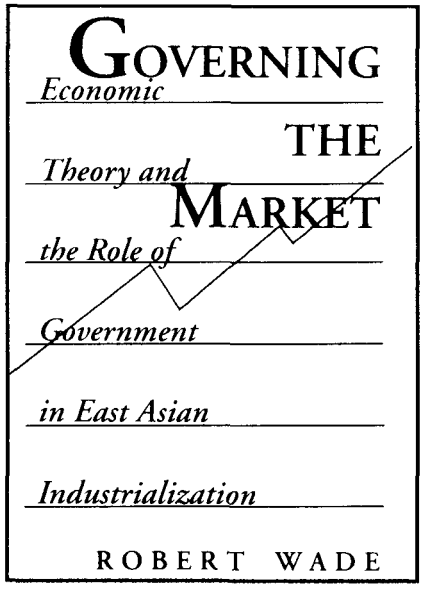

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